

**NEW ISSUE
BOOK-ENTRY ONLY**

**Rating: Moody's "Aaa"
(Ambac Insured)
(See "Ratings" herein)**

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

\$5,500,000
COUNTY OF WARREN
In the State of New Jersey

General Obligation Bonds Consisting of:
\$2,750,000 County College Bonds, Series 2007A
and
\$2,750,000 County College Bonds, Series 2007B
(County College Bonds Act, P.L. 1971, c. 12)
(Bank Qualified)

Dated: Date of Delivery

Due: July 15 as shown on inside front cover

The \$2,750,000 County College Bonds, Series 2007A (the "Series 2007A Bonds") and the \$2,750,000 County College Bonds, Series 2007B (the "Series 2007B Bonds") (hereinafter collectively referred to as the "Bonds") of the County of Warren, State of New Jersey (the "County"), will be issued in fully registered form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearinghouse for securities transactions. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry only form in the denomination of \$1,000 each, or any integral multiple thereof (with a minimum purchase of \$5,000). Beneficial owners of the Bonds will not receive certificates representing their interests in the Bonds. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co. and not the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The principal or redemption price of the Bonds shall be paid on the respective maturity dates. Interest on the Bonds shall be payable on January 15, 2008, and semiannually thereafter on July 15 and January 15 in each year until maturity or prior redemption, by check draft or wire transfer; such payment will be mailed or delivered by the Paying Agent to the registered owners of the Bonds, as of the Record Date. The Record Date shall be the first (1st) day of the calendar month of each regular interest payment date. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, redemption price, if any, and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC, disbursement of such payments to the DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants and the indirect participants.

The Bonds are being issued pursuant to the Local Bond Law of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and Title 18A, Education, of the New Jersey Statutes (the "Education Law") and various ordinances and a resolution of the County. The Series 2007B Bonds are also being issued pursuant to the County College Bond Act, P.L. 1971, c. 12 (N.J.S.A. 18A:64A-22.1 *et. seq.*).

The Bonds are subject to redemption prior to their stated maturities as herein provided.

The Bonds are valid and legally binding obligations of the County and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds. See "BOND INSURANCE" herein.

Ambac

The issuance of the Bonds is subject to the approving legal opinion of Gibbons P.C., Newark, New Jersey and certain other conditions described herein. Certain legal matters will be passed upon for the County by its General Counsel, Joseph J. Bell, Esquire, Rockaway, New Jersey. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about July 31, 2007.

PNC Capital Markets LLC

Dated: July 18, 2007

**COUNTY OF WARREN
In the State of New Jersey**

\$5,500,000

General Obligation Bonds Consisting of:

**\$2,750,000 County College Bonds, Series 2007A
and
\$2,750,000, County College Bonds, Series 2007B
(County College Bonds Act, P.L. 1971, c. 12)**

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS ON THE
COUNTY COLLEGE BONDS, SERIES 2007A**

<u>Due</u> <u>July 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>July 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2008	\$140,000	4.125%	3.70%	2013	\$165,000	4.125%	3.87%
2009	145,000	4.125	3.75	2014	175,000	4.125	3.90*
2010	150,000	4.125	3.80	2015	180,000	4.125	3.93*
2011	155,000	4.125	3.82	2016	185,000	4.125	3.96*
2012	160,000	4.125	3.84	2017	195,000	4.125	4.00*

\$630,000 4.125% Term Bond Due July 15, 2020 – Price 100.234% - Yield 4.08%*

\$470,000 4.125% Term Bond Due July 15, 2022 – Price 100.00% - Yield 4.125%

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS ON THE
COUNTY COLLEGE BONDS, SERIES 2007B
(County College Bonds Act, P.L. 1971, c. 12)**

<u>Due</u> <u>July 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Due</u> <u>July 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2008	\$140,000	4.125%	3.70%	2013	\$165,000	4.125%	3.87%
2009	145,000	4.125	3.75	2014	175,000	4.125	3.90*
2010	150,000	4.125	3.80	2015	180,000	4.125	3.93*
2011	155,000	4.125	3.82	2016	185,000	4.125	3.96*
2012	160,000	4.125	3.84	2017	195,000	4.125	4.00*

\$630,000 4.125% Term Bond Due July 15, 2020 – Price 100.234% - Yield 4.08%*

\$470,000 4.125% Term Bond Due July 15, 2022 – Price 100.00% - Yield 4.125%

*Yield to optional par call date of July 15, 2013

COUNTY OF WARREN
In the State of New Jersey

OFFICIALS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Everett Chamberlain	Director	December 31, 2009
John DiMaio	Deputy Director	December 31, 2007
Richard D. Gardner	Freeholder	December 31, 2008

COUNTY ADMINISTRATOR

Steve Marvin

CLERK OF THE BOARD

Steve Marvin

COUNTY COUNSEL

Joseph J. Bell, Esquire

CHIEF FINANCIAL OFFICER

Charles L. Houck

COUNTY AUDITOR

Nisivoccia & Company LLP
Newton, New Jersey

BOND COUNSEL

Gibbons P.C.
Newark, New Jersey

FINANCIAL CONSULTANT

VALCO Capital, Ltd.
Sewell, New Jersey

UNDERWRITER

PNC Capital Markets LLC
Philadelphia, Pennsylvania

COUNTY ADDRESS

Warren County Board of Chosen Freeholders
Wayne Dumont, Jr. Administration Building
165 County Road, 519 South
Belvidere, New Jersey 07823-1949

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No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other 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 or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the County during normal business hours.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on the stock or other securities exchange and neither the Securities and Exchange Commission or any other federal, state, municipal or other governmental entity, other than the County will have passed upon the accuracy or adequacy of this Official Statement.

The order and placement of materials in this Official Statement including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety

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OFFICIAL STATEMENT

\$5,500,000

COUNTY OF WARREN
In the State of New Jersey

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices hereto has been prepared by the County of Warren (the “County”), in the State of New Jersey (the “State”) and provides certain information relating to the County in connection with the offer and sale of \$5,500,000 aggregate principal amount of General Obligation Bonds of the County consisting of \$2,750,000 County College Bonds, Series 2007A (the “Series 2007A Bonds”) and \$2,750,000 County College Bonds, Series 2007B (County College Bonds Act, P.L. 1971, c. 12) (the “Series 2007B Bonds”) (hereinafter collectively referred to as the “Bonds”), dated the date of delivery. This Official Statement has been executed on behalf of the County by the Director of the Board of Chosen Freeholders of the County and has been authorized by the County to be distributed in connection with the sale of the Bonds.

AUTHORIZATION

The Bonds are authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law of New Jersey, constituting Chapter 2 of Title 40A of the Revised Statutes of New Jersey (the “Local Bond Law”) and Title 18A, Education, of the New Jersey Statutes. The Bonds have been authorized by the County by various bond ordinances and a resolution of the Board of Chosen Freeholders (the “Freeholders”) of the County providing for their form and detail, which resolution was adopted on June 27, 2007. All of the bond ordinances authorizing the sale of the Bonds were published in full after final 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, in part, that twenty days after publication of a bond ordinance following final passage thereof by the Board of Chosen Freeholders of a county, the compliance of such ordinance with the provisions of the Local Bond Law and every other law and all matters in connection therewith, and the issuance of obligations authorized thereby, shall be conclusively presumed. The County adopting such ordinance, and all other interested persons shall forever be estopped from denying that such ordinance or its final adoption or issuance of obligations thereunder do not comply with the provisions of the Local Bond Law and every other law, or from questioning in any manner the validity of such ordinance or any obligations issued thereunder in any action or proceeding.

COUNTY GOVERNMENT

The County operates under the Freeholder form of County Government. The Board of Chosen Freeholders consists of three members, publicly elected, one each year for a term of three years. The Freeholders supervise, direct and administer all County services and functions through the various departments, autonomous boards, agencies and commissions. See “COUNTY OF WARREN - Governmental Structure” herein.

DESCRIPTION OF THE BONDS

General Description

The Bonds will be dated the date of delivery and are scheduled to mature, subject to prior redemption, on July 15 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will bear interest from their date payable by check or draft semiannually on January 15 and July 15 of each year until their respective maturities, commencing January 15, 2008 at the interest rates per annum set forth on the inside cover page hereof. Each series of the bonds will be issued in fully registered form and when issued will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York. Purchases of beneficial interest in the Bonds will be made in book-entry only form in the denomination of \$1,000 each, or any integral multiple thereof (with a minimum purchase of \$5,000).

Optional Redemption

The Series 2007A Bonds and Series 2007B Bonds maturing on or after July 15, 2014 shall be subject to redemption prior to their respective maturity dates, on or after July 15, 2013 at the option of the County, either in whole or in part at any time in any order of maturity at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date of redemption.

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

Mandatory Redemption

The Series 2007A Bonds stated to mature on July 15, 2020 and July 15, 2022 are subject to mandatory redemption prior to maturity on July 15 of the years (at a price equal to the principal amount of the Series 2007A Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule:

Series 2007A Term Bonds
Due July 15, 2020

<u>Year</u>	<u>Principal Amount</u>
2018	\$200,000
2019	210,000
2020	220,000*

Series 2007A Term Bonds
Due July 15, 2022

<u>Year</u>	<u>Principal Amount</u>
2021	\$230,000
2022	240,000*

The Series 2007B Bonds stated to mature on July 15, 2020 and July 15, 2022 are subject to mandatory redemption prior to maturity on July 15 of the years (at a price equal to the principal amount of the Series 2007B Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule:

Series 2007B Term Bonds
Due July 15, 2020

<u>Year</u>	<u>Principal Amount</u>
2018	\$200,000
2019	210,000
2020	220,000*

Series 2007B Term Bonds
Due July 15, 2022

<u>Year</u>	<u>Principal Amount</u>
2021	\$230,000
2022	240,000*

*At Final Maturity

Denomination and Place of Payment

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds (the “Securities Depository”). Purchases of beneficial interests in the Bonds will be made in book-entry only form (without certificates), in denominations of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000) through book entries made on the books and records of DTC and its participants.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made directly by the County as Paying Agent, or some other paying agent as may be designated by the County, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants (as hereinafter defined). See – “BOOK-ENTRY ONLY SYSTEM” herein.

PURPOSE OF ISSUE

The Bonds are being issued to provide funds to (1) provide funds for various capital improvements to the Warren County Community College facilities (the “Project”); and (2) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Project

The proposed project will consist of constructing an approximate 19,000 square foot two-story addition with a partial basement to the existing facilities. The proposed Project when completed will connect with the

east side of the main academic facility. The first floor will house at least two science labs, a science prep room and four classrooms. (As a construction alternate, three of the classrooms could be converted into two additional science laboratories). The upper floor will consist of four classrooms, one nursing lab and a large multipurpose room that could serve as both classroom space and a large community room for college or community needs. Upper floor classrooms will be equipped with moveable walls to provide instructional flexibility and accommodate different class sizes. Both floors will be equipped with restrooms; access to elevator services will be through the main building connected to the addition. The partial basement will provide storage as well as utility access to the science labs.

MATURITY SCHEDULES

COUNTY COLLEGE BONDS, SERIES 2007A

<u>Due July 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>	<u>Due July 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2008	\$140,000	4.125%	\$108,710.94	\$248,710.94	2016	\$185,000	4.125%	\$61,050.00	\$246,050.00
2009	145,000	4.125	107,662.50	252,662.50	2017	195,000	4.125	53,418.76	248,418.76
2010	150,000	4.125	101,681.26	251,681.26	2018	200,000*	4.125	45,375.00	245,375.00
2011	155,000	4.125	95,493.76	250,493.76	2019	210,000*	4.125	37,125.00	247,125.00
2012	160,000	4.125	89,100.00	249,100.00	2020	220,000*	4.125	28,462.50	248,462.50
2013	165,000	4.125	82,500.00	247,500.00	2021	230,000**	4.125	19,387.50	249,387.50
2014	175,000	4.125	75,693.76	250,693.76	2022	240,000**	4.125	9,900.00	249,900.00
2015	180,000	4.125	68,475.00	248,475.00					

* Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2020

** Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2022

COUNTY COLLEGE BONDS, SERIES 2007B (County College Bonds Act, P.L. 1971 c. 12)

<u>Due July 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>	<u>Due July 15</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2008	\$140,000	4.125%	\$108,710.94	\$248,710.94	2016	\$185,000	4.125%	\$61,050.00	\$246,050.00
2009	145,000	4.125	107,662.50	252,662.50	2017	195,000	4.125	53,418.76	248,418.76
2010	150,000	4.125	101,681.26	251,681.26	2018	200,000*	4.125	45,375.00	245,375.00
2011	155,000	4.125	95,493.76	250,493.76	2019	210,000*	4.125	37,125.00	247,125.00
2012	160,000	4.125	89,100.00	249,100.00	2020	220,000*	4.125	28,462.50	248,462.50
2013	165,000	4.125	82,500.00	247,500.00	2021	230,000**	4.125	19,387.50	249,387.50
2014	175,000	4.125	75,693.76	250,693.76	2022	240,000**	4.125	9,900.00	249,900.00
2015	180,000	4.125	68,475.00	248,475.00					

* Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2020

** Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2022

**COMBINED
SERIES 2007A AND SERIES 2007B
DEBT SERVICE SCHEDULE
\$5,500,000
COUNTY OF WARREN
General Obligation Bonds**

<u>Fiscal Year Ending 12/31</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Interest</u>	<u>Fiscal Total Debt Service</u>
2008	\$280,000	4.125%	\$217,421.88	\$497,421.88
2009	290,000	4.125	215,325.00	505,325.00
2010	300,000	4.125	203,362.52	503,362.52
2011	310,000	4.125	190,987.52	500,987.52
2012	320,000	4.125	178,200.00	498,200.00
2013	330,000	4.125	165,000.00	495,000.00
2014	350,000	4.125	151,387.52	501,387.52
2015	360,000	4.125	136,950.00	496,950.00
2016	370,000	4.125	122,100.00	492,100.00
2017	390,000	4.125	106,837.52	496,837.52
2018	400,000 *	4.125	90,750.00	490,750.00
2019	420,000 *	4.125	74,250.00	494,250.00
2020	440,000 *	4.125	56,925.00	496,925.00
2021	460,000 **	4.125	38,775.00	498,775.00
2022	480,000 **	4.125	19,800.00	499,800.00
Totals	\$5,500,000		\$1,968,071.96	\$7,468,071.96

* Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2020

** Mandatory Sinking Fund Redemption for Term Bonds Due July 15, 2022

SECURITY FOR AND PAYMENT OF THE BONDS

The full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and the interest on the Bonds. The Bonds will be valid and legally binding obligations of the County and 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 Bonds and the interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights.

COUNTY COLLEGE BOND ACT

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

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The 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 Bond will be issued for each maturity of the Bonds, as set forth on the inside front cover hereof, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest

rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 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 the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the 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 or its agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the

responsibility of such Participant and not of DTC, the County or agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its agent, 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 Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates 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 that event, Bond certificates 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.

Disclaimer of Liability for Failures of DTC

The County, Financial Consultant, and the Underwriter cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The County and the Underwriter are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

So long as Cede & Co. is the registered owner of the bonds, as nominee of DTC, references herein to the bondholders or registered owners of the bonds shall mean Cede & Co. and shall not mean the beneficial owners of the bonds. Payments made by the County to DTC or its nominee shall satisfy the County's obligations with respect to the bonds to the extent of such payments.

BOND INSURANCE

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance Corporation ("Ambac Assurance") has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds, effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Bond Registrar. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Insurance Policy shall be fully discharged.

In the event the Bond Registrar has notice that any payment of principal of or interest on a Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment (as set forth in the Financial Guaranty Insurance Policy). Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of the Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of the principal of or interest on such Bond and will be fully subrogated to the surrendering holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately **\$10,194,000,000** (unaudited) and statutory capital of approximately **\$6,557,000,000** (unaudited) as of **March 31, 2007**. Statutory capital consists of Ambac Assurance's policyholders' surplus and

statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE."

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007; and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**".

COUNTY OF WARREN

Past and Present

Warren County came into existence in 1825 when an act of the New Jersey Legislature, passed on Nov. 20, 1824, took effect and separated the area from Sussex County. The county was named in honor of Dr. Joseph Warren who, although he had no known association with the area, earned a heroic reputation throughout the original 13 states for his devotion to the revolutionary cause, which led to his death in the battle of Bunker Hill. During the Revolutionary War, a large majority of the 13,000 colonists who lived in Sussex (and what is now Warren) supported the patriotic cause. Sussex was among three New Jersey counties commended by the Provincial Congress in 1775 for “spirited exertions” in raising minutemen for the fight for independence.

The County originally had the townships of Greenwich, Hardwick, Independence, Knowlton, Mansfield, Oxford and Pahaquarry, from which the present 22 municipalities were carved. The Town of Belvidere was chosen as the county seat, a decision that was considerably influenced by the action of General Garrett D. Wall, who donated grounds for a county courthouse and public square in Belvidere. The County’s freeholders ordered \$3,500 raised toward construction of a brick courthouse with a jail and offices for the clerk and surrogate on the first floor and a courtroom (still in use today) on the second floor. The final accounting for the project was \$9,942.24.

Transportation has played an important role in the development of the County since its beginning. Its earliest residents were the Lenni Lenape, who lived along the rivers and streams of the region. The first Europeans to settle in the county were the Dutch, who came to Pahaquarry Township and dug for copper around 1650. During this period, they constructed a road from Pahaquarry to Kingston, N.Y., over which they transported the proceeds of their mining ventures. This road, the first commercial highway built in the United States, is still in existence today. Known as “Old Mine Road,” it traverses the Delaware Water Gap National Recreation Area, a major visitor attraction in the county.

Although it was the first area to be settled by European colonists, Pahaquarry Township is no more. Largely vacated by the federal government’s disputed plan to build the Tocks Island Dam, much of Pahaquarry later became federal and state parkland. With only a handful of residents left, the Township merged with neighboring Hardwick Township on July 2, 1997, reducing the number of municipalities in New Jersey to 566. Accomplished through special legislation, the merger was the first one in the state in 45 years.

In the early 1830s, the Morris Canal opened in New Jersey, with its western terminus at Phillipsburg on the Delaware River in Warren County. Some 33 miles of the canal’s 102-mile route to Jersey City were in Warren County, and the canal provided a thoroughfare for the county’s farm products to reach metropolitan markets. Villages such as Port Warren, Port Colden, Port Murray and Rockport owe their names and their existence to their location along the canal. The Morris Canal also brought together the anthracite coal from Pennsylvania with the limestone and iron ore from New Jersey in the formation of heavy industry. Railroads quickly replaced the canal and sped the development of industry within the County.

At one time, Phillipsburg was the crossroads for five railroads, each with its own freight yard and maintenance facility in the town. Also, one heavy manufacturing plant employed up to 4,500 people and provided a great deal of machinery to the World War II effort.

At Oxford are the preserved ruins of one of colonial New Jersey’s first iron furnaces, and it holds the distinction of operating longer than any other colonial furnace, from 1741-1884. In 1835, Oxford Furnace became

the first U.S. smelting operation to use the hot blast process, while in 1859 Peter Cooper's furnace in Phillipsburg was one of the first in the U.S. to experiment with the Bessemer process. During the 1860s, Cooper Furnace was the most productive iron furnace in America.

Today, sections of the Morris Canal are being transformed into a public greenway across the County. Moreover, because of its transportation prominence, Phillipsburg has been tapped as the location for a planned New Jersey Transportation Heritage Center, a museum to highlight how New Jersey shaped transportation history and how transportation shaped the state. In addition to being a former railroad center and terminus of the Morris Canal, the town is closely linked with transportation history in other ways. A ferry across the Delaware River was established there in 1739, and the town served as an important port for Durham boats and lumber rafts that plied the Delaware. The first commercially successful diesel electric locomotives were developed in the town, and dirigible mooring masts were built there as well.

Transportation continues to play an important role in the county's evolution. Interstate highways Route 78 and Route 80 cross the county, opening the area to many new residents who commute daily to their jobs in metropolitan New Jersey. Meanwhile, commercial and industrial areas are being created along the highway corridors, as Warren County's proximity to New York, Philadelphia and New Jersey's metropolitan area, along with the quality of life the county offers, make it an attractive place for homes and businesses.

General Information

The County of Warren occupies an area of 364.55 square miles, is 32 miles long and has an average width of 13 miles. It ranks ninth in area and 19th in population among New Jersey's 21 counties. Within the county is some of the most rugged and scenic terrain found in the state. The landscape is characterized by a series of ridges and valleys in a northeasterly / southwesterly direction. Elevations range from 125 feet to 1,600 feet above sea level. Mountain ranges and ridges that divide the county's fertile river valleys include Kittatinny Mountain, Jenny Jump Mountain, Scott's Mountain and Pohatcong Mountain. Streams and rivers, all emptying into the Delaware River, include the Musconetcong, Paulinskill and Pequest rivers; Dunnfield, Lopatcong and Pohatcong creeks; and Van Campens Brook. Fertile valleys have enabled the county to become an important agricultural district in the Garden State.

Governmental Structure

Warren County operates under the freeholder form of county government. The Board of Chosen Freeholders consists of three Freeholders each elected at large for staggered terms of three years. The Freeholder Director is chosen by the Freeholders at the board's annual reorganization meeting in January. The Freeholders supervise, direct and administer all county services and functions through the various departments, autonomous boards, agencies and commissions. Reporting to the Board of Chosen Freeholders is an appointed County Administrator.

In addition to its fiscal administration and the responsibility of linking the county's municipalities with State and other local governmental units, the Board of Chosen Freeholders has these duties:

To fulfill the following legislative responsibilities: (1) formulating county policies; (2) developing new county programs; (3) appointing members of the various commissions and boards; and (4) appropriating funds required from the 22 municipalities of the County to maintain all county services.

And to provide for the following services: (1) general government; (2) regulations; (3) roads and bridges; (4) correctional and penal; (5) health and welfare; and (6) education.

The term “freeholder” originated in England, dating back to at least the 16th Century. Originally, a Freeholder was a person in the British Royal Court who was considered responsible in character or otherwise in favor with the King, and therefore a worthy recipient as an owner (holder) of land grants in the new American colony.

Many years later, on July 2, 1776, just two days before the Declaration of Independence was adopted in Philadelphia, the Provincial Congress of New Jersey met in Burlington and declared its separation from King George and the British parliament. The meeting provided that qualified voters were to elect various officers under the “hands” (approval) of six Freeholders. Legislation in 1798 set the make-up of Freeholder Boards at one elected representative for each municipality, and in 1904 smaller boards were authorized. Warren County is the only remaining county in New Jersey to have a three-member board.

Quality of Life

Among Warren County’s greatest natural assets are clean air, clean water and open spaces for resident families, for visitor recreation, and for commerce. With only about 14 percent of its area covered by urban development, Warren County offers a great deal in the way of wholesome outdoor recreation. Nearly 40,000 acres are prime forest, and more than 61,000 acres are termed forestland of statewide importance. Parks, forests and conservation lands within the County total nearly 38,000 acres and include Jenny Jump State Forest, Stephens State Park, Allamuchy Mountain State Park, Worthington State Forest, Merrill Creek Environmental Resource Preserve, Pequest Trout Hatchery and Natural Resource Educational Center, and the Delaware Water Gap National Recreation Area. The county also has three sizable parcels purchased with open space preservation funds, the Marble Hill, White Lake and West Oxford Mountain Natural Resource Areas. Country roads for biking, hiking or driving offer many scenic vistas as well as country craft and antique shops for browsing, farms for picking fresh vegetables and fruits, and wineries that welcome visitors to taste their selections.

The Delaware River, with 52 miles of county shoreline, is a major recreation resource. Anglers can try for bass, muskies, shad and a variety of other fish, while outdoors enthusiasts can enjoy canoeing, swimming, tubing and boating. The Delaware’s tributary streams and rivers, each having its own picturesque setting, are alive with sport fish and offer other recreational opportunities. Camping, bird watching and hunting are other outdoors activities that many county residents and visitors enjoy.

The Pequest Trout Hatchery and Natural Resource Education Center, operated by the New Jersey Department of Environmental Protection’s Division of Fish and Wildlife, was sited in the Pequest River Valley because of the ample supply of pure water. The hatchery uses up to 7,000 gallons of ground water a minute to raise more than 700,000 trout each year for stocking in New Jersey’s publicly accessible waterways. Visitors are welcome at the hatchery. Opened in 1982 with 1,300 acres, the Pequest property now includes approximately 4,000 acres in Mansfield, Liberty, Oxford and White townships, and continues to expand through Green Acres purchases.

In 1993, a non-binding public referendum was passed by Warren County voters to allow an additional tax of up to 2 cents per \$100 of assessed valuation for the purpose of acquiring areas of scenic and environmental value throughout the county. The open space trust fund has been tapped to buy county and municipal parkland, protect historic features and permanently retire the development rights on prime farmland. In November 1999 and again in November 2002, County voters approved non-binding open space referendums by large margins, each

time recommending an increase in the open space tax of another 2 cents per \$100 of assessed property value. In 2002, the 4-cent open space tax raised \$2.9 million to help keep Warren County green, and the current 6-cent open space tax approved in 2003 raised \$4.9 million in that year, and is expected to generate \$7.7 million this year. A number of municipalities have approved their own dedicated open space taxes as well, demonstrating the strong sentiment among Warren County residents for protecting the natural and historic resources that make the county a beautiful and unique place.

All or part of 14 Warren County communities are listed on the National Register of Historic Places, plus 60 other county structures or sites are listed on the register. The Town of Belvidere, the county seat, is noted for its Victorian-style architecture, with more than 200 homes listed on the register. Meanwhile, the Village of Hope in Hope Township contains many of the buildings constructed during the Moravian settlement period between 1769 and 1808.

The County offers a wide variety of cultural events through the Warren County Cultural and Heritage Commission, community groups, Centenary College and Warren County Community College. The Warren County Cultural and Heritage Commission organizes the Warren County Heritage events on weekends throughout the year in the town of Oxford. Reenactments, arts and crafts displays, and musical concerts are among the events that revolve around the Oxford Furnace and Shippen Manor, which were built in the mid-1700s. Shippen Manor, home to the ironmasters of Oxford Furnace, has been restored and is open as a county museum.

Meanwhile, every summer the area's agricultural heritage is on display with the Warren County Farmers' Fair in Harmony Township (July 29-August 4), music fills the air along the Delaware River in Knowlton Township during the three-day Knowlton RiverFest (August 17-19), which won a Governor's Tourism Award in 2000, and Belvidere puts its heritage on display with Victorian Days (September 8-9).

Located in Warren County are community parks, pools, country inns, golf courses, campgrounds, beaches, hiking trails, riding stables and fine restaurants. Warren County offers a wide variety for family enjoyment including quaint historic villages, country shopping, parks, scenic splendor, a relaxing environment, outdoor recreation, and many family entertainment attractions.

Health Care

Warren Hospital is one of two hospitals in the county. It is located in Phillipsburg and contains 214 beds. It is a full-service hospital with divisions in medicine, surgery, family practice, obstetrics-gynecology and radiology. Community services include education, physical therapy, poison control, alcohol and drug recovery and speech and hearing services. The hospital also has 20 residents in its family practice teaching program.

The other full-service hospital is the Hackettstown Community Hospital, a 106-bed facility owned and operated by the Adventist HealthCare. The Hospital offers a full range of surgical and medical care including 24-hour emergency services, as well as obstetric, therapy and rehabilitation services. The hospital has undergone major construction and renovation including expansion of its ICU/ITU, ambulatory surgery area, diagnostic imaging department, and cardiopulmonary department, and it is completing a new Cancer Center featuring a Linear Accelerator for radiation treatments.

For long-term care, Warren County has several private nursing facilities and Warren Haven, the 180-bed skilled care facility run by the County in Mansfield Township.

Primary and Secondary Education

The County has eight secondary educational schools. Six are public – including a county operated vocational-technical high school – while the private schools are Blair Academy in Blairstown and the Good Shepherd Christian Academy in Washington Township. There are 34 public and eight private Kindergartens, elementary and middle schools, with at least one located in every municipality except Hardwick Township.

Belvidere, Hackettstown and Phillipsburg have public high schools that receive students on a tuition basis from neighboring municipalities. Meanwhile, North Warren Regional High School is located in Blairstown, serving that township and three surrounding communities, and Warren Hills Regional High School in Washington Township includes students from five communities.

Warren County Technical School was established in 1959 and offers a full array of technical and vocational training as well as basic educational courses. The school opened a \$6.7 million expansion in 2003. Located in Franklin Township, the school has an excellent job placement percentage for its graduates, and is highly regarded among employers.

Higher Education Facilities

There are two institutions of higher learning in the county, Warren County Community College and Centenary College. Founded in 1867, Centenary is a private, four-year college in Hackettstown that also offers six graduate programs.

Warren County Community College

Warren County Community College (“WCCC” or the “College”) is a public two-year college located in Washington, NJ. The College, initially established in 1981 to broker classes at other colleges, was officially accredited as a separate institution in 1992 by the Middle States Association of Colleges and Schools (MSA). The College remains nationally accredited through this agency.

Warren County Community College is governed by an 11-member Board of Trustees, eight of whom are appointed by the Warren County Board of Chosen Freeholders.

In January 1996, the College moved to its 81 acre campus on Route 57 in Washington, NJ. WCCC’s main facility is 57,000 sq. ft. and includes 27 classrooms/labs/seminar rooms, a library, a bookstore, a café and various college offices. A nearby annex houses four additional classrooms.

The current expansion will add approximately 19,000 square feet of additional classroom, laboratory and storage space to the existing facility. The additional classroom space will eliminate the need for the temporary classrooms contained in the annex facilities

The College currently employs 63 full-time employees, including 24 full-time faculty, and over 100 part-time/adjunct faculty and staff. The College offers, day, evening and weekend classes with fall, spring and summer programs.

Programmatically, the College offers 31 degree programs (A.A., A.S., and A.A.S.), eleven certificate programs, and a wide variety of personal and professional development non-credit offerings confluent with the

career and educational needs of the community. The College is the fastest growing institution in New Jersey and the 20th fastest growing community college in the nation (Community College Times, 2006). From Fall 2000 to Fall 2006, the College's enrollment grew 130%, from 797 students to 1,831 students. This dramatic growth has strained the College's facilities and created the need for a new college addition.

WCCC operates on a July 1 through June 30 fiscal year and receives slightly more than half of its operating aid from state and county sources. Tuition and fees from both credit and non-credit programs support most of the balance of the operating budget as shown in the data below:

Warren County Community College Operating Revenues and Expenses

	FY 2005-06 <u>(\$000)</u>	FY 2006-07* <u>(\$000)</u>
Revenue Source:		
Tuition and Fees	\$3,548	\$3,508
County Support	2,143	2,083
State Support	2,216	2,180
Other	<u>427</u>	<u>235</u>
Total Revenue	8,334	8,006
Expenses (Net of Depreciation)	<u>7,997</u>	<u>8,006</u>
Operating Surplus	<u>\$337</u>	<u>\$0</u>

*Budget FY 2006-07

The College's audited net assets are as follows:

	<u>(\$000)</u>
Net Assets as of 6/30/06	
Investment in Capital Assets	\$5,927
Restricted	642
Unrestricted	<u>1,127</u>
Total	\$7,696

War Memorials

On November 11, 1998, the Warren County War Memorial was dedicated and presented to the people of Warren County. Located next to the Warren County Courthouse at the corner of Second and Mansfield streets in Belvidere, the War Memorial consists of three panels of black granite, quarried in India. On them are inscribed the names of the 287 men and two women from Warren County who lost their lives or are listed as missing in action while on active duty in World War I, World War II, the Korean War and the Vietnam War.

The stones rest on a brick plaza equipped with granite benches, while above fly the United States flag and the POW-MIA flag. A time capsule holding various documents was placed there in 1999, and a voice repeater system was installed in 2000 so visitors can hear a recorded history of the monument and the names of those it memorializes.

Next to the War Memorial is the Purple Heart Memorial, which was dedicated on November. 5, 2000. This red granite marker – “red for the blood they shed” – is dedicated to all those who were wounded during our nation’s wars and conflicts. This memorial also includes granite benches, a brick-paved walkway, special lighting and landscaping.

Transportation

Highways - Warren County is served by two interstate highways (I-78 and I-80) that provide easy access to many of the major employers in eastern New Jersey, New York City and the Lehigh Valley in eastern Pennsylvania. The interstate highway systems allow residents of Warren County to travel to recreational and cultural areas including ski areas, the Jersey Shore, New York City and Philadelphia, all within a 1-1/2 hour drive.

The major north-south corridors are State Routes 31, 46, 57 and 94 and County Route 519. Routes 31 and 46 function as interstate commercial highways because they provide a direct connection to I-78 and I-80 in western New Jersey. Routes 57, 46 and 519 link the towns of Belvidere, Hackettstown, Phillipsburg and Washington Borough together. These roadways allow Warren County residents to travel easily from one town to another and to access the interstate system with ease. Sussex County is easily reach via Routes 94, 517 and 519, while the State capital, Trenton, is within a 1-1/2 hour drive on Route 31.

Public Transit – Existing public transit service includes commuter bus service to New York City from Phillipsburg and Hackettstown, local bus operations in Phillipsburg and Hackettstown, and specialized paratransit services throughout the County for the elderly and handicapped.

Also, on Oct. 31, 1994, NJ Transit extended the Morristown Commuter Rail Line from its present terminus in Netcong, Morris County, to Hackettstown. Four outbound trains each weekday connect with the ferry and PATH to New York City at Hoboken, while two return each day. The train also stops at the nearby International Trade Center in Mount Olive.

Freight Rail Services – After the sale and breakup of Conrail, Norfolk Southern took over Conrail’s main line and three secondary lines in Warren County. The lines serve the industrial areas of Phillipsburg, Belvidere, Washington and Hackettstown. Two lines provide service to the Port of Newark and the New England region, the other two to points north and south of Phillipsburg. Additionally, one shortline freight line, the Bel-Del Railroad, also operates within the County.

Airports – Two major airports with regularly scheduled passenger flights and freight service throughout the world are within a one-hour drive from Warren County. The Lehigh Valley International Airport is located 12 miles west of Phillipsburg just outside Allentown, Pa., and within a half-mile of Route 22. Newark International Airport is located only 50 miles east on I-78. Also, JFK International, LaGuardia and Philadelphia International are less than two hours away.

Two private airports are located in Blairstown and Mansfield Townships. Open dawn to dusk every day, they offer a variety of services such as fuel and airplane sales, repairs, instruction and air taxi and charter service.

Retirement Systems and County Pension Plan

All full-time permanent or qualified County employees who began employment after 1944 must enroll in one of two pension systems (Public Employees Retirement System or Police and Firemen’s Retirement System) depending upon their employment status. These systems were established by acts of the State Legislature. Benefits,

contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the State’s Department of Treasury is the administrator of these systems. The County is a member of the Public Employees Retirement System (PERS), and the Police and Firemen’s Retirement System (PFRS). PERS and PFRS are evaluated every year by the State with employee contribution rates normally determined by the rate applicable at the age of enrollment.

Public Employees Retirement System

PERS includes 731 eligible County employees.

Police and Firemen's Retirement System

PFRS includes 95 eligible County police and sheriffs.

Federal Social Security System

The County is not delinquent in its payments to the Federal Social Security System (“OASI”).

Retirement Benefit Contributions

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
PERS and PFRS	\$ 976,089	\$ 453,864	\$ 128,818	\$ 56,847	\$ 147,268
OASI	2,686,690	2,651,841	2,505,539	2,468,365	2,128,740
Total	3,662,779	3,105,705	2,634,357	2,525,213	2,276,008

Source: The County's audited financial statements.

The Warren County Solid Waste System

General

The County solid waste system consists of a mass burn solid waste disposal, electric power generating resource recovery facility (“the Facility”) that is owned and operated by Covanta Warren Energy Resources Company, a private company that operates independently of the Authority. The Pollution Control Financing Authority of Warren County (the “Authority”) owns and operates a solid waste landfill adjacent to the resource recovery facility. The landfill is utilized for the disposal of incinerator ash residue as well as non-process able bulky and bypass waste. Recycling and the other waste disposal activities are carried out on the landfill site as well. The landfill is operated in full compliance with all New Jersey Department of Environmental Protection rules and regulations.

The Warren County Obligation

The Authority issued bonded debt to finance the construction of the facility. Under the terms of the original indenture agreement, the Authority was obligated to guarantee that a minimum quantity of acceptable solid waste was delivered to the facility for processing. However all debt associated with the construction of the Facility and landfill was paid in full in 2005 and there is no outstanding debt on the Facility or landfill at this time. The Authority is under no obligation to the owner operator of the Facility other than that the Authority has agreed not to compete with the Facility for the disposal of Type ID-10, residential solid waste.

The Authority is required by state law to have an approved Solid Waste Closure plan in place in order to ensure that there are sufficient assets set aside to pay the cost of closure and post closure maintenance of the landfill. Sufficient funds are available to fund the post closure trust at this time. However, the Authority and the County Board of Chosen Freeholders are currently evaluating the possibility of expanding the landfill capacity to accommodate the solid waste needs of Warren County municipalities for the next 10 to 15 years.

15 LARGEST MANUFACTURING EMPLOYERS LOCATED IN THE COUNTY

<u>Name and Location</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
Masterfoods USA Hackettstown	Food Products	1,600
Mallinckrodt/Baker, Inc. Phillipsburg	Laboratory & Industrial Chemicals; Chemical Services	500
Alcan Packaging Washington	Plastic Tubes, Bottles and Molding	450
Atlantic States Cast Iron Pipe Co. Phillipsburg	Iron Pipe	300
DSM Nutritional Products Belvidere	Pharmaceuticals	267
Bihler of America Alpha	Fabricated Precision Metal Parts	230
Spectra Gases, Inc. Alpha	Gas	200
Graham Packaging Belvidere	Plastic Containers	160
Compac Corporation Hackettstown	Custom Products for the Industrial Market	150
Zappa Plastics Phillipsburg	Injection Molded Plastic	150
BASF-Inmont Corporation Belvidere	Paints for Automobiles and Related Products	120
Nova Borealis Compounds LLC Port Murray	Plastic Materials & Resins	115
Hunterdon Transformer Phillipsburg	Transformers, Electric	100
James Alexander Corp. Blairstown	Pharmaceuticals	80
Truarc Company LLC Phillipsburg	Industrial Retaining Rings & Fasteners	70

Source: County Officials

15 LARGEST NON-MANUFACTURING EMPLOYERS LOCATED IN THE COUNTY

<u>Name</u>	<u>Location</u>	<u>Approximate Number of Employees</u>
Warren Hospital	Phillipsburg	1,000
Warren County	Belvidere	836
Hackettstown Regional Medical Center	Hackettstown	794
Abilities of Northwest Jersey, Inc.	Washington	440
Genesis Health Center	Lopatcong and Phillipsburg	425
ShopRite of Greenwich	Phillipsburg	365
Centenary College	Hackettstown	350
ShopRite of Mansfield	Hackettstown	300
Staffing Alternatives	Alpha	250
NORWESCAP (Community Action Program)	Phillipsburg	225
The ARC (Association for Retarded Citizens)	Washington	200
Wal-Mart Stores, Inc.	Mansfield	180
Wal-Mart Stores, Inc.	Phillipsburg	180
Home Depot	Greenwich	170
Gary W. Gray Trucking	Delaware	156

The Phillipsburg Mall, with up to 95 retail stores, has an aggregate employment of approximately 1,300.

Source: County Officials

LARGEST TAXPAYERS

The fifteen largest taxpayers in the County with their 2006 assessed valuations are shown below:

<u>Taxpayer</u>	<u>Location</u>	<u>Product/Service</u>	<u>Assessed Valuation</u>
Merrill Creek Reservoir	Harmony	Utility Service Company	\$ 231,098,200
DSM Nutritional Products	White Township & Belvidere	Pharmaceuticals	104,230,700 ⁽¹⁾
Mansfield Plaza	Mansfield Township	Shopping Center	54,248,700
Crown American Financing	Lopatcong & Pohatcong	Shopping Center	39,860,400
Inland Western/Target Corp	Greenwich Township	Retail Mall	32,415,100 ⁽¹⁾
National Realty Development	Pohatcong Township	Shopping Center	31,984,300
Food Manufacturers, Inc.	Hackettstown	Candy Manufacturing	27,499,700
Crown American/Preit Svcs.	Lopatcong	Shopping Center	25,082,500
Green Eagle Properties	Mansfield Township	Retail Mall	23,000,000
Greenwich Station, LP	Greenwich Twp	Shopping Center	19,485,500
Phillipsburg Associates, LP	Phillipsburg	Retail Center	18,804,600
Transcontinental Gas	Franklin Twp	Gas Pipeline	17,917,700
Brakeley Associates	Lopatcong	Apartment Complex	17,800,300
Crown American /Preit Svcs.	Lopatcong, Twp	Shopping Center	15,802,600
Mansfield Plaza Associates	Mansfield Twp	Shopping Center	<u>14,149,800</u>
		TOTAL	\$ 673,380,100

⁽¹⁾ Currently under assessment appeal
Source: County Officials.

WARREN COUNTY MUNICIPALITIES POPULATION AND POPULATION DENSITIES

Municipality	Square Miles	1990 Census	2000 Census	# Change	Density per square Mile of land area	
					% Change	Population
Allamuchy Township	20.77	3,484	3,877	393	11.3	188.80
Alpha Borough	1.74	2,530	2,482	-48	-1.9	1,462.00
BelvidereTown	1.35	2,669	2,771	102	3.8	2,091.70
Blairstown Township	31.77	5,331	5,747	413	7.8	185.30
Franklin Township	24.03	2,404	2,768	364	15.1	115.40
Frelinghuysen Township	23.55	1,779	2,083	304	17.1	88.90
Greenwich Township	10.55	1,899	4,365	2,466	56.5	413.60
Hackettstown Town	3.70	8,120	10,403	2,283	28.1	2,809.50
Hardwick Township	37.92	1,235	1,464	229	18.5	40.10
Harmony Township	24.14	2,653	2,729	76	2.9	114.60
Hope Township	18.68	1,719	1,891	172	10.0	102.20
Independence Township	19.89	3,940	5,603	1,663	42.2	282.40
Knowlton Township	25.31	2,543	2,977	434	17.1	120.10
Liberty Township	12.01	2,493	2,765	272	10.9	234.30
Lopatcong Township	7.14	5,052	5,765	713	14.1	814.60
Mansfield Township	29.94	7,154	6,653	-501	-7.0	222.30
Oxford Township	6.01	1,790	2,307	517	28.9	388.70
Phillipsburg Town	3.34	15,757	15,166	-591	-3.8	4,703.60
Pohatcong Township	13.61	3,591	3,416	-175	-4.9	256.30
Washington Borough	1.96	6,474	6,712	238	3.7	3,429.90
Washington Township	17.59	5,367	6,248	881	16.4	355.50
White Township	<u>27.75</u>	<u>3,603</u>	<u>4,245</u>	<u>642</u>	<u>17.8</u>	<u>155.10</u>
County Total	<u>362.75</u>	<u>91,607</u>	<u>102,437</u>	<u>10,830</u>	<u>11.8</u>	<u>18,574.90</u>

Source: U.S. Census Bureau Census 2000 Summary File 1. Population and Density: 2000. New Jersey Department of Labor, Labor Planning and Analysis.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Building Permits

Listed below is a summary of building activity in the County, as measured by the number of residential building permits issued:

Residential Building Permits Authorized 2002-2006

<u>Year</u>	<u>Single-Family</u>	<u>Multi-Family</u>	<u>Total Permits</u>
2006	365	68	432
2005	441	119	560
2004	573	47	620
2003	580	5	585
2002	867	10	877

Source: U.S. Bureau of the Census, Manufacturing and Construction Division. Prepared by: New Jersey Department of Labor.

Residential Housing Units by Types of Units, 2000

	One Unit Detached	One Unit Attached	2-4 Units	5-9 Units	10 or More Units	Mobile Homes	Other	TOTAL
County	27,216	4,634	3,831	1,549	3,457	467	3	41,157
State	1,794,967	285,268	554,973	160,249	480,431	33,600	787	3,310,275

Source: U.S. Bureau of the Census, Census 2000. Table DP-4 Profile of Selected Housing Characteristics, 2000.

Persons Per Household, Occupancy and Vacancy Information, 2000

	<u>Persons Per Unit</u>		<u>Housing Units</u>		Total Housing Units
	Owner Occupied	Renter Occupied	Occupied	Vacant	
County.....	2.77	2.19	38,660	2,497	41,157
State.....	2.81	2.43	3,064,645	245,630	3,310,275

Source: U.S. Bureau of the Census, Census 2000. Table DP-1 Profile of Selected Housing Characteristics, 2000.

2000 Housing

	Median House Value	Median Rent Value
County	\$ 155,500	\$ 689
State	170,800	751

Source: U.S. Bureau of the Census, Census 2000. Table DP-4 Profile of Selected Housing Characteristics, 2000.

Population

Recent population trends for the County of Warren and the State of New Jersey are presented below:

	<u>2007¹</u> <u>(Estimate)</u>	<u>2000²</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
County	115,591	102,437	91,607	84,429	73,960
State	8,862,277	8,414,350	7,730,188	7,365,011	7,171,112

Source: 1970, 1980 and 1990 Census of Population and Housing. Prepared by New Jersey Department of Labor.

¹ Editor and Publisher Market Guide, 2007.

² U.S. Bureau of the Census, Census 2000. Table DP-1 Profile of Selected Housing Characteristics, 2000.

Population Characteristics by Gender

	2000 Population	<u>Male</u>		<u>Female</u>	
		Number	Percent	Number	Percent
County	102,437	49,870	48.7%	52,567	51.3%
State	8,414,350	4,082,813	48.5%	4,331,537	51.5%

Source: U.S. Bureau of the Census, Census 2000. Table DP-1 Profile of Selected Housing Characteristics, 2000.

Population Characteristics by Age

	Under 5 Years	5-9 Years	10-19 Years	20-24 Years	25-44 Years	45-54 Years	55-59 Years	60-64 Years	Over 65 Years	Avg Age
County	7,032	7,752	14,106	4,261	32,036	14,929	5,426	3,689	13,206	37.6
State	563,785	604,529	1,115,793	480,079	2,624,146	1,158,898	423,338	330,646	1,113,136	36.7

Source: U.S. Bureau of the Census, Census 2000. Table DP-1 Profile of Selected Housing Characteristics, 2000.

Comparative Economic Statistics

Recent economic statistics for Warren County as well as surrounding counties are shown below:

<u>County</u>	<u>Number of Households 2005 Estimate</u>	<u>Disposable Personal Income 2003 Estimate</u>	<u>2003 Income Per Capita</u>	<u>2003 Income Per Household Estimate</u>
Warren	44,609	\$2,673,234	\$35,016	\$66,779
Sussex	59,546	3,972,717	39,931	75,859
Morris	186,328	18,072,346	58,817	102,909
Union	195,112	16,951,047	42,728	89,512
Essex	306,412	25,695,178	40,634	90,025

Source: New Jersey Department of Labor and Workforce Development

Recent Trends in Labor Force, Employment and Unemployment

The following chart shows recent trends in employment and unemployment for Warren County and the State of New Jersey

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Warren County</i>					
Civilian Labor Force (000)	54.1	58.0	58.2	59.6	60.4
Employment (000)	51.2	55.1	55.7	57.3	58.0
Unemployment (000)	2.9	2.9	2.5	2.2	2.4
Unemployment Rate (%)	5.3	4.9	4.3	3.8	4.1
<i>State of New Jersey</i>					
Civilian Labor Force (000)	4,368	4,390	4,405	4,495	4,532
Employment (000)	4,113	4,419	4,212	4,281	4,337
Unemployment (000)	255	241	192	214	196
Unemployment Rate (%)	5.8	5.5	4.4	4.8	4.3

Source: New Jersey Department of Labor, Labor Research and Analysis, Labor Market and Demographic Research, Bureau of Labor Force Statistics.

Nonagricultural Wage and Salary Employment Trends

The County of Warren is part of the Allentown-Bethlehem-Easton Metropolitan Statistical Area (MSA)(Carbon, Lehigh and Northampton Counties, PA, Warren County, NJ). The following table illustrates the Nonagricultural Wage and Salary Employment Trends, expressed in (000's). These numbers exclude proprietors, self-employed, unpaid family workers and domestics in private households.

Allentown-Bethlehem-Easton MSA Annual Average of Employment (Data in 000's)

Industry	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007¹</u>
Total Nonfarm	324.5	325.9	329.8	336.1	341.5	345.6
Total Private	285.7	286.2	289.5	295.5	300.4	303.2
Goods Producing	63.9	58.5	57.8	58.2	57.2	55.8
Service Providing	260.6	267.4	272.0	277.9	284.2	289.8
Private Service Providing	221.7	227.7	231.7	237.2	243.2	247.4
Construction, Natural Resources and Mining	14.9	14.9	16.0	16.9	17.0	16.4
Manufacturing	49.0	43.6	41.8	41.4	40.3	39.4
Durable Goods	27.1	22.9	22.0	22.4	22.6	22.1
Non-Durable Goods	21.9	20.7	19.7	19.0	17.7	17.3
Trade	63.9	65.2	65.0	67.7	70.1	71.1
Wholesale Trade	11.2	11.3	11.6	12.4	13.1	13.4
Retail Trade	40.1	40.6	40.7	41.5	41.6	41.8
Transportation	12.7	13.3	12.6	13.8	15.4	15.9
Information	7.7	7.7	7.7	7.5	7.5	7.5
Financial Activities	16.7	16.7	16.4	16.5	16.6	16.9
Professional and Business Svcs.	37.2	39.2	41.2	41.9	43.2	43.7
Education and Health Services	53.6	55.7	57.5	59.1	60.8	64.1
Leisure and Hospitality	27.6	28.3	28.8	29.2	30.0	29.4
Other Services	14.9	14.9	15.2	15.3	15.1	14.7
Government	38.5	39.7	40.4	40.6	41.1	42.4

¹As of March, 2007

Source: Pennsylvania Department of Labor and Industry

Commerce

The following is a list of the major commercial classifications with the 2002 number of stores and 2007 estimate of sales in Warren County.

<u>Classification</u>	<u>2002 Number of Establishments</u>	<u>Estimated 2007 Retail Sales (in thousands)</u>
Motor Vehicle/Parts	43	\$188,265
Furniture	15	13,870
Electrical/Appliance	17	21,217
Building Materials	46	251,322
Food/Beverage	80	275,618
Health/Personal Care	33	93,820
Gasoline	53	195,145
Apparel	45	47,762
General Merchandise	14	186,368

Source: Editor & Publisher Market Guide, 2007.

Retail Sales

Retail sales for Warren County and the State of New Jersey have shown a steady and continued increase throughout recent years, as shown below:

(Thousands of Dollars)

	<u>2002</u>	<u>2007 (estimated)</u>
Warren County	\$ 1,842,450	\$ 1,920,856
New Jersey	124,024,278	149,708,973

Source: Editor & Publisher Market Guide, 2007.

**PROPOSED CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM
FOR YEARS 2007-2012**

In accordance with the Local Budget Law of New Jersey, constituting Chapter 4 of Title 40A of the Revised Statutes of New Jersey (the "Local Budget Law"), each local governmental unit must adopt and annually revise a one to six year capital program budget. The capital budget, when adopted, constitutes the planned appropriation of funds and set forth the possible capital expenditures which a local governmental unit may contemplate over the next one to six years. The capital budget does not in itself confer any authorization to raise or expend funds, but is to be used as part of a local governmental unit's planning and management program.

Summary of Proposed Annual Funding Amounts

<u>Year</u>	<u>Annual Funding Amount</u>
2007	\$13,939,906
2008	12,738,103
2009	11,045,246
2010	11,414,330
2011	11,796,332
2012	<u>12,191,703</u>
Total	<u>\$73,125,620</u>

The following is a summary of the County's 2007 capital budget and improvement program by project.

**2007 CAPITAL BUDGET
(Current Year Action)**

<u>Project</u>	<u>Estimated Total Cost</u>	<u>To Be Funded in Future Years</u>	<u>Grants in Aid and Other Funds</u>	<u>Debt Authorized</u>	<u>Capital Improvement Fund</u>
Road Resurfacing Program	\$14,973,261	\$12,670,261	\$0	\$0	\$2,303,000
Road & Drainage Improvements	3,315,833	2,805,833	0	0	510,000
Bridge & Culvert Improvements	13,874,485	11,740,485	1,559,000	0	575,000
Equipment & Furnishings	16,836,316	14,246,764	1,133,000	0	1,456,552
Buildings & Grounds Improvements	10,645,475	9,008,121	0	0	1,637,354
Special Vehicles and Equipment	4,980,251	4,214,251	0	0	766,000
Building & Land Acquisitions	3,000,000	1,500,000	0	0	1,500,000
Capital Improvement Fund	<u>5,500,000</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>2,500,000</u>
Total:	<u>\$73,125,620</u>	<u>\$59,185,714</u>	<u>\$2,692,000</u>	<u>\$0</u>	<u>\$11,247,906</u>

COUNTY FINANCIAL OPERATIONS

Introduction

Basis of Accounting The accounting policies of a local governmental unit must conform to the accounting principles applicable to local governmental units which have been prescribed by the Division of Local Government Services, in the New Jersey Department of Community Affairs. The following is a summary of the significant policies:

Basis of Accounting - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets - Property and equipment purchased through the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Current Fund A local governmental unit finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The County operates on a January 1 to December 31 fiscal year.

General Expenditures Expenditures are comprised of those made for general County purposes, certain expenditures made from restricted Federal, State and private grants, certain Federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general County purposes include payments made primarily in support of the County's various departments.

Revenue Sources

Revenue sources for the County's operations consist of miscellaneous revenues, Federal and State assistance and/or grants, and the monies received from the County's taxes levied by the respective municipalities in the County. The County's principal revenue source is from taxes (average of 59% for the past five years). The elimination of Federal Revenue Sharing in 1986 and decreased Federal funding for Community Development Block Grant programs together with other costs, such as insurance and various social service programs, which have increased at a faster rate than non-tax revenues, have resulted in an increase in the share of the County budgets funded from taxes.

Apportionment of County Purpose Taxes Taxes for County purposes are based upon the equalized valuation, as calculated by the County's Board of Taxation, of all taxable property within the County. The County purpose taxes are apportioned among the County's constituent municipalities based upon the ratio that each municipality's equalized valuation bears to the total equalized valuation of all taxable property in the County. (It should be noted that taxes for municipal and school purposes are based on assessed valuations. Property taxes are based on a municipal assessor's valuation of real property on an assessed valuation basis, as confirmed by the Tax Board of the County.

Tax Collection Procedure The municipalities within the County are the political entities responsible for the levying and collection of taxes on all taxable property within their borders, including the tax levy for the County. The County's tax levy is calculated once per year and is in effect from July 1 through June 30. One tax bill is mailed per year (July 1), which notes that four payments are due (August 1, November 1, February 1 and May 1). Since the County's fiscal year runs from January 1 through December 31, the County's revenues for the first half of its fiscal year result from a levy established the previous July 1 (which was based on the prior year's budgetary needs). However, any adjustments necessary due to a change in budget from one year to the next are factored into the tax levy calculated in the middle of the County's fiscal year.

Each municipality is required to pay to the County its share of the County purpose tax on the fifteenth day of February, May, August and November. The County receives 100% of its share of the taxes collected from the first taxes collected by each municipality. If a municipality has not remitted in full to the County its share of omitted and added taxes by December 31 of the year of tax levy, a municipality has until February 15 of the year immediately following (45 days) to pay in full the amount due to the County.

Current Fund Revenue Sources

Year	Budget Requirement	Revenue Surplus Appropriated	Anticipated Revenues¹	Non-Budget Revenues¹	Amount Raised By Taxation¹	Tax Levy Percent of Budget
2006	\$97,850,551	\$6,950,000	\$45,648,014	\$2,614,717	\$60,036,930	61.36%
2005	92,121,899	6,600,002	41,717,416	2,309,659	54,611,871	59.28
2004	88,698,137	6,881,874	37,854,928	2,836,101	50,702,940	57.16
2003	79,105,111	7,812,846	34,305,707	3,416,106	45,500,000	57.52
2002	74,068,068	6,379,103	34,070,893	2,693,756	44,607,000	60.22

¹Amount collected or received.

Source: The County's audited financial statements

Current Fund Balances and Amounts Utilized in Current Year's Budget

Year	Balance as of January 1¹	Utilized In <u>Budget of Current Year</u>		Balance as of December 31
		Amount	Percent	
2006	\$20,213,674	\$6,950,002	34.38%	\$13,263,672
2005	19,114,980	6,600,002	34.52	12,514,977
2004	18,798,516	6,881,874	36.60	11,916,642
2003	19,943,027	7,812,846	39.17	12,130,181
2002	18,733,568	6,379,103	34.05	12,354,465

Note: Amount of surplus utilized in 2007 Budget is \$6,950,000.

¹Reflects balance of previous year plus surplus of funds received in previous year.

Source: The County's audited financial statements.

REAL AND PERSONAL TANGIBLE PROPERTY VALUATIONS

Net Assessed Valuation by Classification of Real Property

Type of Real Property	<u>Net Assessed Valuation</u>					2007	2003
	2007	2006	2005	2004	2003	Land Use Analysis	Land Use Analysis
Residential	\$7,534,209,311	\$6,871,265,889	\$6,420,991,477	\$6,016,228,382	\$5,522,392,035	66.74%	64.50%
Apartment	177,534,200	179,114,600	173,404,000	173,632,300	167,971,100	1.57	1.96
Commercial.....	1,040,506,204	965,061,249	919,463,503	891,030,023	833,586,140	9.21	9.74
Industrial.....	621,086,750	624,897,950	664,085,450	651,062,110	599,586,140	5.50	7.00
Farm.....	590,326,550	509,228,050	488,899,000	467,130,000	432,990,329	5.23	5.06
Vacant Land.....	<u>278,142,627</u>	<u>253,936,027</u>	<u>198,332,890</u>	<u>207,230,690</u>	<u>200,487,065</u>	<u>2.46</u>	<u>2.34</u>
Sub-total	10,241,805,642	9,403,503,765	8,865,176,320	8,406,313,505	7,556,986,002	90.71	90.60
Exempt:							
Public ¹	654,911,597	582,161,849	529,808,681	522,118,756	502,886,021	5.80	5.87
Other ²	<u>392,053,841</u>	<u>348,693,841</u>	<u>343,168,930</u>	<u>325,760,195</u>	<u>302,445,749</u>	<u>3.47</u>	<u>3.53</u>
Total Assessed Valuation of Real Property.....	<u>\$11,288,771,080</u>	<u>\$10,334,359,455</u>	<u>\$9,738,153,931</u>	<u>\$9,254,192,456</u>	<u>\$8,362,317,772</u>	<u>100.00%</u>	<u>100.00%</u>

¹Includes school, municipal, County, State and Federal properties.

²Includes private and denominational schools and colleges, church and charitable properties, and properties exempt under the Fox-Lance tax abatement program.

Source: County Officials

2006 PROPERTY VALUATIONS AND TAX RATES

Taxing Districts	Net Valuation for County Tax Apportionment	General Tax Rate per 100 Valuation	Rate of Assessed to True Value
Allamuchy	\$588,945,617	1.94	78.95%
Alpha	204,874,438	2.70	90.16
Belvidere	229,974,846	4.15	55.61
Blairstown	792,859,299	2.99	102.00
Franklin	415,037,931	2.35	89.32
Frelinghuysen	278,032,265	2.13	87.80
Greenwich	764,587,649	2.50	73.24
Hackettstown	861,987,175	3.83	61.47
Hardwick	214,452,259	2.93	65.49
Harmony	690,215,362	2.10	72.49
Hope	249,831,108	3.47	111.00
Independence	655,984,406	1.85	94.69
Knowlton	343,622,549	2.97	65.06
Liberty	317,185,246	2.68	77.45
Lopatcong	882,502,369	1.88	104.47
Mansfield	809,886,920	2.76	74.67
Oxford	207,175,594	3.95	106.00
Phillipsburg	873,893,332	3.45	55.53
Pohatcong	409,464,529	3.11	73.65
Washington Boro	511,173,796	3.72	66.26
Washington Twp	775,005,637	2.78	76.25
White	<u>657,307,576</u>	1.64	83.37
TOTAL	<u>\$11,733,999,903</u>		

Source: County Officials.

Net Assessed and Equalized Valuations of Real and Personal Tangible Property

Property Valuations

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Assessed Valuation:					
Real Property ¹	\$10,279,856,324	\$9,441,833,484	\$8,904,452,940	\$8,446,466,035	\$7,756,986,002
Personal Tangible Property ²	28,455,816	28,331,232	32,631,543	36,602,382	38,266,329
Total Net Assessed Valuation	10,308,312,140	9,470,164,716	8,937,084,483	8,483,068,417	7,795,252,331
Percent Increase (Decrease) Over Previous Year.....	8.85%	5.96%	5.35%	8.82%	17.82%
Equalized Valuation ³	13,059,126,040	11,730,679,760	10,329,899,313	9,198,141,157	8,130,945,090
Percent Increase (Decrease) Over Previous Year.....	11.32%	13.56%	12.30%	13.13%	11.16%

¹Net Assessed Valuation after deductions permitted under State statutes.

²Composed of "machinery, implements and equipment" of telephone, telegraphs and messenger systems.

³As equalized by the County.

Source: County Officials.

TAX LEVIES AND COLLECTIONS

Year	Tax Rate ¹	Tax Levy	Amount	Percentage
2006	5.148	\$60,036,930	\$60,036,930	100%
2005	5.307	54,611,869	54,611,869	100
2004	5.528	50,702,940	50,702,940	100
2003	5.612	45,500,000	45,500,000	100
2002	6.108	44,607,000	44,607,000	100
2001	6.685	44,607,247	44,607,247	100

¹Per \$1,000 of equalized valuation for each municipality as determined by the County.

Source: County Officials.

TAX COLLECTION PROCEDURE

Upon the filing of a certified adopted budget by the County, the tax rate is fixed by the County Board of Taxation based on the certified amount in each of the taxing districts for collection to fund the budget. The statutory provisions for assessment of property, levying of taxes and the collection thereof are set forth in Chapter 4 of Title 54 of the New Jersey statutes.

The County Purpose Taxes are apportioned among the constituent municipalities which comprise the County. These taxes reflect that portion of the total County equalized valuation that each municipality represents. The municipalities' and the County's valuations for this purpose include: (i) the total assessed valuation; (2) an amount added or deducted so as to equalize the assessed valuation according to the ratio of assessed to true value promulgated by the State Division of Taxation on October 1 of the next preceding year; (3) an amount added which reflects the true value of municipality-owned property which is leased and income producing; (4) the value of certain railroad property, adjusted downward to reflect only that portion on which local property taxes are not in default and uncollectible; and (5) the capitalized amount of replacement revenues-business personal property tax received during the next preceding year.

The County accounts for its operations primarily through its Current Fund and its Capital Funds.

All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The County operates on a January 1 to December 31 fiscal year.

Added, Omitted and Rollback Taxes

Year	Total	Added Taxes	Omitted Taxes	Rollback Taxes¹	Prior Years' Added & Omitted Taxes
2006	\$996,454.96	\$716,887.22	\$2,721.83	\$208,134.76	\$68,711.15
2005	851,978.60	696,331.83	799.52	121,435.02	33,412.23
2004	796,791.97	711,276.38	1,569.98	52,506.26	31,439.35
2003	872,404.46	658,169.43	16,968.49	164,947.46	32,319.08
2002	1,267,166.00	856,915.00	1,366.00	391,989.00	16,896.00
2001	1,161,888.00	927,043.00	1,306.00	188,367.00	45,172.00

¹Rollback of taxes refers to a change in the use of property, ie: farmland to residential use.

Source: The County's audited financial statements.

Comparison of Total Tax Levies to Annual Debt Service Requirements

Year	General Purpose Tax Levy¹	Annual Debt Service Requirement	Percent of Bonded Debt Service To Tax Levy
2006	\$60,036,930	\$4,179,867	6.96%
2005	54,611,871	5,272,676	9.65
2004	50,702,940	4,346,464	8.57
2003	45,500,000	4,074,919	8.95
2002	44,607,000	4,144,648	9.30
2001	44,607,247	4,592,723	10.30

¹Excludes County Library Tax Levy.
 Source: The County's audited financial statements.

COUNTY BUDGET

Current Appropriations	2003 Budget	2004 Budget	2005 Budget	2006 Budget	2007 Budget
General Government	\$5,117,036	\$5,634,978	\$5,697,253	\$6,129,326	\$6,232,808
Land Use Administrative	565,725	567,010	509,061	529,350	533,850
Public Works	7,402,681	7,684,152	7,861,834	8,423,638	8,680,612
Insurance	10,812,710	12,514,000	13,416,425	13,937,125	14,880,074
Public Safety	12,095,993	12,810,745	13,415,148	14,531,496	15,482,185
Health & Human Services	22,246,168	23,668,019	24,235,456	25,715,040	25,793,795
Education	6,278,601	6,641,084	6,782,917	6,965,431	7,052,975
Unclassified	-				
State & Federal Programs Offset by Revenues	1,370,382	3,707,040	2,558,469	1,412,727	1,596,676
Matching Fund	-				
Contingency	5,000	5,000	5,000	5,000	5,000
Capital Improvements	3,735,100	4,502,002	4,737,250	8,809,110	11,247,906
Debt Service	4,074,919	4,346,464	5,272,676	4,179,867	4,065,341
Other Operations Functions	800,000	1,684,490	2,070,905	796,000	560,000
Total Utilities	1,880,300	1,985,700	2,282,000	2,495,500	2,612,800
Statutory & Deferred	<u>2,720,476</u>	<u>2,947,453</u>	<u>3,277,505</u>	<u>3,920,941</u>	<u>4,728,755</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$79,105,111</u>	<u>\$88,698,137</u>	<u>\$92,121,899</u>	<u>\$97,850,551</u>	<u>\$103,472,778</u>
Surplus Anticipated	7,812,846	\$6,881,874	\$6,600,002	\$6,950,002	\$6,950,000
Miscellaneous Revenues	25,792,265	31,113,322	30,910,026	30,863,619	32,426,020
Amount to be Raised by Taxation	<u>45,500,000</u>	<u>50,702,940</u>	<u>54,611,871</u>	<u>60,036,930</u>	<u>64,096,758</u>
	<u>\$79,105,111</u>	<u>\$88,698,136</u>	<u>\$92,121,899</u>	<u>\$97,850,551</u>	<u>\$103,472,778</u>

Source: County Officials.

COUNTY DEBT INFORMATION

Statement of Indebtedness

Gross Debt

General:	As of December 31, 2006
Bonds issued and outstanding	\$ 20,553,000
Notes issued and outstanding	
Loans issued and outstanding	1,057,644
Notes and Loans Authorized but not issued	
Total Gross Debt	<u>\$21,610,644</u>
Average of equalized valuation basis of real property improvements (2004, 2005 and 2006)	\$ 11,474,760,767
Gross debt express as a percentage of average equalized valuation basis:	0.019%

Source: The County's 2006 Annual Debt Statement

Appropriation not Required for Payments on Debt

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 provides "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose." N.J.S.A. 40A:2-4 provides "The power and obligation of a local unit to pay any and all bonds and notes issued by it pursuant to this chapter, or any act of which this chapter is a revision, shall be unlimited...".

Statutory Debt Information (As of December 31, 2006)

General Purpose:	Statutory Gross Debt	Statutory Deductible Debt	Statutory Net Debt
Bonds Issued	\$20,553,000	\$ 8,630,000	\$11,923,000
Bond Anticipation Notes Issued.....			
Miscellaneous Bonds, Notes and Loans Issued	\$ 1,057,644	\$ 1,057,644	\$ 0
Miscellaneous Notes and Installment Loans Debt Authorized but Unissued			
Total Statutory Gross Debt.....	\$21,610,644		
Total Statutory Deductions.....		\$ 9,687,644	
Total Statutory Net Debt.....			\$11,923,000

Source: The County's 2006 Annual Debt Statement

Statutory Borrowing Power (As of December 31, 2006)

Three-Year Average Equalized Valuation ¹	\$11,474,760,767
Statutory Borrowing Power ²	\$229,495,215
Statutory Net Debt	\$11,923,000
Remaining Statutory Borrowing Power	\$217,572,215
Debt Rates:.....	
Statutory Net Debt to State Equalized Valuation.....	0.104%
Statutory Net Debt Per Capita (2000 Census 102,437)	\$116.39

¹Average for three years (2004, 2005, 2006) as calculated by the State.

²2.00% of the three-year average equalized valuation.

Source: The County's 2006 Annual Debt Statement.

**Trend of Statutory Remaining Borrowing Power
(As of December 31 for Years Shown)**

Year	Equalized Valuations¹	Statutory Borrowing Power²	Bonds Outstanding	Notes/Loans Outstanding	Statutory Deductions	Direct Net Debt Outstanding	Authorized But Unissued Debt	Remaining Statutory Borrowing Power
2006 ³	\$11,474,760,797	\$229,495,216	\$20,553,000	\$1,057,644	(\$9,687,644)	\$11,923,000	\$0	\$217,572,215
2005	10,183,922,014	203,678,440	23,823,000	1,137,016	(10,562,016)	14,398,000	0	189,280,440
2004	8,945,997,288	179,919,945	27,058,000	2,214,824	(11,414,824)	17,858,000	0	162,061,945
2003	7,926,105,861	158,522,117	30,258,000	1,291,099	(12,221,099)	19,328,000	0	139,194,117
2002	7,065,683,558	141,313,671	25,002,000	3,026,871	(7,056,871)	20,972,000	0	120,341,671
2001	6,449,537,055	128,990,741	27,457,000	3,664,570	(7,620,771)	23,500,799	0	105,489,942

¹ Average of current year and next two preceding years as calculated by the State.

² Two percent (2.00%) of State Equalized valuation.

³ The County's 2006 Annual Debt Statement

Source: The County's audited financial statements.

Permanent Debt Issued and Outstanding (As of December 31, 2006)

Issues	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
General Improvement Bonds Series of 1992	5.700%	7-15-92	7-15-07	\$408,000
Warren County Open Space & Note Refunding Bonds, Series 2003A	3.625-4.30%	9-15-03	5-15-18	\$5,855,000
Warren County Open Space Refunding Bonds, Series 2003B	3.00-3.75%	12-01-03	11-15-15	\$2,130,000
Warren County General Improvement College Refunding Bonds, Series 2003C	3.00-3.75%	12-01-03	11-15-15	\$9,180,000
Warren County, County Vocational School Refunding Bonds, Series 2003D	3.00-3.75%	12-01-03	11-15-15	\$2,335,000
Warren County, County College Refunding Bonds, Series 2003E	3.00-2.80%	12-1-03	11-15-10	\$645,000
Total Permanent Debt Issued and Outstanding				\$20,553,000

**Schedule of Annual Debt Service Requirements on the County's Purpose Tax Supported Bonded Debt¹
(As of December 31, 2006)**

<u>Year</u>	<u>Principal¹</u>	<u>Interest</u>	<u>Debt Service</u>
2007	\$2,463,000.00	\$394,853.50	\$2,857,853.50
2008	2,070,000.00	309,947.50	2,379,947.50
2009	2,080,000.00	263,372.50	2,343,372.50
2010	1,440,000.00	174,672.50	1,614,672.50
2011	715,000.00	134,352.50	849,352.50
2012	750,000.00	112,187.50	862,187.50
2013	770,000.00	87,062.50	857,062.50
2014	800,000.00	60,112.50	860,112.50
2015	<u>835,000.00</u>	<u>31,312.50</u>	<u>866,312.50</u>
 TOTAL	 \$11,923,000.00	 \$1,567,873.50	 \$13,490,873.50

¹ Principal amount differs from page 39, due to the exclusion of debt service payable from dedicated taxes.

**Direct, Overlapping and Underlying Debt Issued and Outstanding
As of December 31, 2006**

	County Gross Debt	County Net Debt	Gross County Debt & Gross Authority Debt	Net County Debt & Net Authority Debt	Gross County Debt & Gross Municipal Debt	Net County Debt & Net Municipal Debt
General Purpose						
Direct Debt:						
General Purpose	\$20,553,000	\$11,923,000	\$20,553,000	\$11,923,000	\$20,553,000	\$11,923,000
Overlapping Debt: ¹			9,844,198		9,844,198	
Underlying Debt:						
School ²					120,012,942	0
Self Supporting Utility ²					32,983,680	1,563,492
Municipal ²					103,817,682	94,467,525
Total Direct Debt:						
Gross	<u>\$20,553,000</u>					
Net.....		<u>\$11,923,000</u>				
Total Direct and Overlapping Debt:						
Gross			<u>\$37,973,871</u>			
Net.....				<u>\$11,923,000</u>		
Total Direct, Overlapping, and Underlying Debt:						
Gross					<u>\$240,445,035</u>	
Net.....						<u>\$107,954,017</u>
Per Capita Debt	\$185.35	\$107.53	\$274.13	\$107.53	\$2,590.17	\$973.57
Debt as Percent of Equalized Valuation	0.16%	0.09%	0.24%	0.09%	2.25%	.84%

¹ Per WCMUA 12/31/2006 Financial Report.

² Per 12/31/2006 Municipal Annual Debt Statements.
County Population per 2000 Federal Census. 102,437

Source: County Officials.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The County has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of County debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The County is not required to submit the proposed incurrence of indebtedness to a public referendum.

The County, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the Board of Chosen Freeholders of the County. The Local Bond Law requires publication and posting of the ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the County.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Bonds are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial installments and that, unlike school debt, and with some exceptions, including self-liquidating obligations, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law. All bonds and notes issued by the County are general "full faith and credit" obligations.

Short-Term Financing

Local governmental units, including Counties, may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the bond ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third and fourth anniversary dates of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired on or before the third and the fourth anniversary dates from funds other than the proceeds of obligations. In addition to the amounts paid and retired at the third and fourth anniversary dates, an amount of notes equal to not less than the first legally payable installment of the bonds in anticipation of which

such notes were issued must be paid and retired not later than the end of the fifth fiscal year from funds other than the proceeds of obligations.

Tax anticipation notes are limited in amount by law and, in the case of the County, may be renewed from time to time, but all such notes and renewals thereof must mature not later than June 30 of the succeeding fiscal year.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued by a local unit pursuant to the Local Bond Law for the purpose of paying, funding or refunding its outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.

Statutory Debt Limitation

There are statutory requirements which limit the amount of debt which the County is permitted to authorize. The authorized bonded indebtedness of a county is limited by the Local Bond Law and other laws to an amount equal to two percent (2.00%) of its stated average equalized valuation basis, subject to certain exceptions noted below. N.J.S.A. 40A:2-6. The stated equalized valuation basis is set by statute as the average of the aggregate equalized valuations of all taxable real property, together with improvements and the assessed valuation of Class II railroad property within the boundaries of the County for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuations by the Director of the Division of Taxation, in the Department of the Treasury, State of New Jersey (the "Division of Taxation"). N.J.S.A. 40A:2-2. Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. N.J.S.A. 40A:2-43, -44. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" below.

The County has not exceeded its statutory debt limit. As of December 31, 2006, the statutory net debt of the County as a percentage of equalized valuation was 0.104%.

Exceptions to Debt Limitation - Extensions of Credit (N.J.S.A. 40A:2-7)

The debt limit of the County may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the County must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the County and that the proposed debt authorization would not materially impair the credit of the County or substantially reduce the ability of the County to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding

two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district.

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

The Local Fiscal Affairs Law regulates the non-budgetary financial activities of local governments, including counties. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months after the close of the County's fiscal year (June 30), includes recommendations for improvement of the local unit's financial procedures. The audit report must also be filed with the Clerk of the Board of Chosen Freeholders and is available for review during regular business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the County's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. Such Statement reflects the results of operations for the year of the current and utility funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the County conform to the accounting principles applicable to local governmental units, which have been prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the County's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the County, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the County does not record obligations for accumulated unused vacation and sick pay.

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including Counties, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified as approved by the Director prior to final adoption of the budget by a County Board of Chosen Freeholders. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and, in the case of a County, the Director is required to review the adequacy of such appropriations. Among other restrictions, the Director must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and nondisbursement items. The Director is empowered to permit a higher level of anticipation, however, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the County's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, each local unit must adopt and annually revise a six (6) year capital program. The capital program, when adopted, does not constitute the appropriation of funds, but sets forth a plan of capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body which set forth the items and the methods of financing, or from the annual operating budget. *See* "CAPITAL IMPROVEMENT PROGRAM" herein.

Limitation on Expenditures ("CAP Law")

N.J.S.A. 40A:4-45.4 places limits on county tax levies and expenditures, this law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the County limit any increase in its budget to two and one half percent (2.5%) or the Cost of Living Adjustment, whichever is less, of the previous year's County tax levy, subject to certain exceptions. The "cost-of-living adjustment" means the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as announced by the Director of the Division of Local Government Services, NJ Department of Community Affairs.

Chapter 100 of the Laws of New Jersey of 1994, restored "CAP" banking to the Local Budget Law. Counties are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Beginning January 1, 2005 chapter 74 of the Laws of New Jersey of 2004 allows counties to increase county tax levy by resolution in an amount up to 103.5% of the prior year base county purpose tax. The difference between the amount allowed, 103.5% and the actual amount levied can be used to offset future increases as prescribed under section 2 of P.L.1976, c. 68 (C. 40A:4-45.2).

Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP". Major exceptions to the "CAP" limit include:

- (a) The amount of revenue generated by the increase in valuations within the county, based solely on applying the preceding year's county tax rate to the apportionment valuation of new

construction or improvements within the county and such increase shall be levied in direct proportion to such valuation;

(b) Capital expenditures, including appropriations for current capital expenditures whether in the capital improvement fund, or as a component of a line item elsewhere in the budget, provided that any such current capital expenditure would otherwise be bondable under the Local Bond Law;

(c) An increase based upon an emergency temporary appropriation made pursuant to N.J.S.A. 40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the county, and over which the governing body had no control and for which it could not plan any emergency appropriations pursuant to N.J.S.A. 40A:4-46. Emergency temporary appropriations and emergency appropriations shall be approved by the Director and by at least two-thirds of the members of the governing body and shall not exceed in the aggregate three percent (3%) of the previous year's final current operating appropriations;

(d) All debt service;

(e) Amounts required to be paid pursuant to (i) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage, parking, senior citizen housing or similar purpose, or payments on account of debt service therefor, between a county and any other county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of the State; and (ii) any lease of a facility owned by a county improvement authority when such lease payment represents the proportionate amount necessary to amortize debt incurred by the authority in providing the facility which is leased, in whole or in part;

(f) That portion of the county tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures. If a county provides matching funds in order to receive the Federal or State or other funds, only the amount of the match which is required by law or agreement to be provided by the county shall be excepted;

(g) Extraordinary expenses, approved by the Local Finance Board, required for the implementation of an interlocal services agreement;

(h) Any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor of the State;

(i) Expenditures for the cost of services mandated by any order of court, by any Federal or State statute or administrative rule, directive, order or other legally binding device issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency;

(j) That portion of the county tax levy which represents funding to a county college in excess of the county tax levy required to fund the county college in local budget year 1992;

(k) Amounts appropriated for the cost of administering a joint insurance fund established pursuant to subsection b. of 1983 N.J. Laws c. 372, §1, but not including appropriations for claims payments by local member units; and

(l) Amounts in a separate line item of a county budget that are expended on tick-borne disease vector management activities.

Public Law 2007, Chapter 62, signed into law on April 3, 2007, placed further restrictions on increases in County Purpose Taxes by eliminating most of the exceptions allowed in the CAP law. The new law limits the

increase in County Taxes levy to 4% over the Adjusted Tax Levy of the previous fiscal year. The Adjusted Tax Levy is defined as the amount to be raised by taxation less any waivers from the prior fiscal year required to be deducted by the Local Finance Board. Excluded from the 4% limitation imposed by the law are revenues from new ratables in the tax base, increases in debt service, increases in pension contributions for a limited period and increases in employee health cost over 4% but not in excess of the costs of the State Health Care Benefits Program.

For the purposes of sections 9 through 13 of P.L. 2007, c.62 (C.40A:4 et. seq.):

"Adjusted tax levy" means an amount not greater than the amount to be raised by taxation of the previous fiscal year, less any waivers from a prior fiscal year required to be deducted by the Local Finance Board pursuant to section 11 of P.L. 2007, c.62, **that result multiplied by 1.04**, to which the sum of exclusions defined in subsection b. of section 10 of P.L. 2007, c.62 shall be added.

"Amount to be raised by taxation" means the property tax levy set in the annual budget of a local unit.

"Local unit" means a municipality, county, fire district, or solid waste collection district, but shall not include a municipality that had a municipal purposes tax rate of \$0.10 or less per \$100 for the previous tax year.

"New ratables" means the product of the taxable value of any new construction or improvements times the tax rate of a local unit for its previous tax year.

Exclusions

a. In the preparation of its budget the amount to be raised by taxation by a local unit shall not exceed the sum of new ratables, the adjusted tax levy, and the total of waivers approved pursuant to section 11 of P.L. 2007, c.62 (C.40A:4-45.4) provided, however, that in the case of a county, the amount to be raised by taxation may not exceed the (2.5%) amount permitted by section 4 of P.L.1976, c. 68 (C.40A:4-45-4 et. seq.).

b. The following exclusions shall be added to the calculation of the adjusted tax levy:

- (1) increases in amounts required to be raised for
 - (a) debt service and
 - (b) lease payments with county improvement authorities pursuant to leases in effect on the effective date of P.L. 2007, c.62 (C.40A:4-45-4 et. seq.)
- (2) increases in amounts for pension contributions set forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years set forth in that section;
- (3) increases in health care costs in excess of four percent of the health care costs in the prior year, but is not in excess of the costs of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as determined by the Division of Pensions and Benefits in the Department of the Treasury.
- (4) When the appropriation for debt service is less than the amount appropriated for debt service in the prior year, the difference is deducted from the sum of the exclusions listed in paragraphs (1) through (3).

If there are no exclusions, then the amount of the difference is deducted from the adjusted tax levy by that amount.

Cancelled or unexpended appropriations for exclusions or waivers are deducted from the total exclusions listed in paragraphs (1) through (5) or reduce the adjusted tax levy if there are no exclusions.

Counties may request approval from the Local Finance Board for a waiver to increase its amount to be raised by taxes to address extraordinary costs, including, but not limited to:

- (1) increases in appropriations for capital lease payments;
 - (2) energy cost increases in excess of four percent;
 - (3) increases in insurance costs in excess of four percent;
 - (4) offsetting the loss of a non-recurring general fund revenue or surplus;
 - (5) expenditures, or net expenditure increases for new mandated services above four percent for the cost of those services mandated by court order, federal or State statute, or administrative rule, directive, order, or other legally binding device issued by a State agency which has mandated and certified the expenditures; and
 - (6) purposes related to the provision of government services that the board deems essential to protect or promote the public health, safety, or welfare.
- (7) Amounts raised pursuant to a waiver granted pursuant to this subsection are included in the calculation of the adjusted tax levy in a subsequent year, unless otherwise required by the waiver.

Waiver decisions of the Local Finance Board are final and conclusive without appeal or review other than voter referendum

Counties may request voter approval to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

- Approval requires an affirmative vote of 60 percent or more of the people voting on the question.
- Unless directed by the DLGS Director, the proposed budget must be introduced and approved at least 20 days prior to the date on which the referendum is to be held, and published at least 12 days prior to the referendum date,.

The Local Finance Board has the authority to grant additional waivers upon a finding of extraordinary circumstances that result in an unanticipated increase in expenditures for a service essential to the health, safety, and welfare of the residents of the State.

The adjusted tax levy is increased or decreased whenever the responsibility and associated cost of an activity performed by a local unit is transferred to or from a local unit, other government entity, or other service provider.

The DLGS Director is authorized to implement the provisions sections 9 through 11 P.L. 2007, c.62.

Counties must comply with the budget restrictions pertaining to increases in property tax revenue imposed by both statutes. It should be noted however, that neither the “CAP” law nor P.L. 2007, c.62 limit the obligation of the County to levy *ad valorem* taxes upon all taxable property within the boundaries of the County to pay debt service on its Bonds and the Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the County, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in a provision of the Local Budget Law, N.J.S.A. 40A:4-48, and approved by at least two-thirds of the governing body and by the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three (3) years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five (5) years. N.J.S.A. 40A:4-53, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism for local units, including counties. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, contingent expenses, capital improvement fund or from other sources as provided in the statute. Transfers may be made between sub-accounts within an appropriation account and are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Anticipation of Real Estate Taxes

N.J.S.A. 40A:4-29 provides limits for the anticipation of delinquent tax collections: "the maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that: "receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least equal the tax levy required to balance the budget. The County receives 100% of its tax levy.

Collection of County Taxes

County taxes are collected by the municipalities located within a particular county, and paid to its County Treasurer. The municipal levy includes all county, school and municipal taxes.

Each municipality is required to pay to its County Treasurer its share of the purpose taxes on the 15th day of February, May, August and November of each year. Every county is required by law to receive its share of the taxes collected from the first taxes collected by each municipality. Consequently, counties in the State experience a 100% tax collection rate.

Anticipation of Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before January 31 of each fiscal year, the County must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year with the Division. This report is made under oath and states the authorized, issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the County's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

N.J.A.C. 5:30-4 provides that the Capital Budget and Capital Improvement Program of a local unit must be adopted as part of the annual budget. It does not by itself confer any authorization to raise or expend funds. Rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means. For the years 2007 through 2012 the estimated total cost of capital projects is \$73,125,620 of which a portion is eligible for partial Federal and State grants in aid. The County's capital program provides an estimated \$11,248,000 in funding for 2007 for various capital projects. Not all projects have received a funding commitment from the Board of Chosen Freeholders and their inclusion in the program represents a method to present a schedule of projects for future decisions.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

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

Assuming the County observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the County, is of the opinion that, 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 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.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in “adjusted current earnings” of certain corporations.

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the 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.

The Bonds have been designated by the County as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code. The County intends that, by such designation of the Bonds, the Bonds will not be subject to Section 265(b)(1) of the Code, which relates to the complete disallowance of deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291(a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

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

State Taxation

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

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

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the County, including the Bonds, and such Bonds are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a

stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the County, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

The County has not authorized the filing of a bankruptcy petition. The County is fiscally sound and has a broad tax base. This reference to the Bankruptcy Code or the State statute should not create any implication that the County expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Upon the delivery of the Bonds, the respective original purchaser shall receive certificates, in form satisfactory to Bond Counsel and signed by officials of the County, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in or contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, and certificates dated as of the date of the delivery of the Bonds, and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds, as applicable, or the levy or collection of taxes to pay the Bonds or the interest thereon, as applicable, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, as applicable, and that neither the corporate existence or boundaries of the County, nor the title of any of the said officers to the respective offices, is being contested.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the County as of the date hereof.

LITIGATION

To the knowledge of the County Counsel, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of said Bonds or in any manner questioning the authority of proceedings for the issuance of said Bonds or for the levy or collection of said taxes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE BONDS

The County has covenanted for the benefit of bondholders to provide certain financial information and operating data on the County by no later than September 1 of each year, commencing September 1, 2007 and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the County by its Chief Financial Officer, in the form appearing in Appendix B hereto, such Certificate to be delivered concurrently with the delivery of the Bonds. This covenant is being made by the County to assist the purchaser of the Bonds in complying with the Rule.

Current Compliance

The County has complied with all prior written undertakings under the Rule to provide timely ongoing disclosure of annual financial information and notice of material events affecting its securities.

LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds will be subject to the final approving opinion of Gibbons P.C., Newark, New Jersey, Bond Counsel to the County, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the County by its General Counsel, Joseph J. Bell, Esquire, Rockaway, New Jersey.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer, that, without having undertaken to independently verify information obtained or derived from certain United States government publications, to his knowledge such descriptions and statements, as of the date of this Official Statement, were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The financial information of the County as set forth in Appendix A hereto is for the year ended December 31, 2006. The auditor whose opinion appears therein did not prepare Appendix A, nor was involved in the preparation of this Official Statement. The County provided the other financial information.

RATINGS

Moody's Investors Service (the "Rating Agency"), has assigned its municipal bond rating of "Aaa" to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by Ambac Assurance. The Rating Agency has assigned an underlying rating of "A2" to the Series 2007A Bonds and Series 2007B Bonds. In addition, the Rating Agency has assigned an underlying enhanced rating of "A1" to the Series 2007B Bonds reflecting the additional security provided by the Act. Such ratings reflect only the views of such organization and any desired explanation of the significance of such rating should be obtained from the Rating Agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the Rating Agency, if in the judgment of such Rating Agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL CONSULTANT

The County has retained VALCO Capital, Ltd., Sewell, New Jersey as financial consultant (the "Financial Consultant") in connection with the financial terms of the Bonds. The Financial Consultant is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness, of the information contained in the Official Statement. The Financial Consultant is an independent consulting firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

Included in Appendix A to this Official Statement is the Audited Financial Statement of the County for the year ended December 31, 2006 which has been provided by the County.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained therein, may be directed to the Chief Financial Officer, Charles L. Houck, at the office of the Chief Financial Officer, Wayne Dumont, Jr. Administration Building, Route #519, Belvidere, New Jersey 07823 (Telephone (908) 475-6540).

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 no representation is made that any of the 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 Bonds. All quotations from and summaries and explanation of provision of laws of the State herein do not purport to be complete.

This Official Statement has been duly executed and delivered by the Director of the Board of Chosen Freeholders of the County of Warren.

COUNTY OF WARREN

By: /s/ Everett Chamberlain
Everett Chamberlain
Director of the Board of Chosen Freeholders

DATED: July 18, 2007

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2006**

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COUNTY OF WARREN

REPORT OF AUDIT

2006

NISIVOCCIA & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

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COUNTY OF WARREN
PART I
FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
YEAR ENDED DECEMBER 31, 2006

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Randolph, NJ 07869
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11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
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Independent Auditors' Report

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Belvidere, NJ 07823

We have audited the financial statements of the various funds of the County of Warren (the "County") as of December 31, 2006 and 2005, as of and for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variance between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the County prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2006 and 2005, and the results of its operations for the years then ended.

The Honorable Director and Members of
the Board of Chosen Freeholders
County of Warren
Page 2

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the County of Warren at December 31, 2006 and 2005, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

March 30, 2007


NISIVOCCIA & COMPANY LLP



David H. Evans
Registered Municipal Accountant No. 98
Certified Public Accountant

COUNTY OF WARREN

CURRENT FUND

2006

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COUNTY OF WARREN
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2006	2005
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 21,278,223.84	\$ 18,872,776.05
		<u>21,278,223.84</u>	<u>18,872,776.05</u>
Receivables and Other Assets With			
Full Reserves:			
Added and Omitted Taxes Receivable	A-6	257,636.81	570,848.03
Accounts Receivable - Employee		2,317.57	
Due from General Capital Fund	C		38,615.80
Due from Regular Trust Fund	B		4,194.70
Due from Other Trust Fund	B		100,945.04
Due from Federal and State Grant Fund	A		2,980.72
		<u>259,954.38</u>	<u>717,584.29</u>
Total Regular Fund		<u>21,538,178.22</u>	<u>19,590,360.34</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents:			
Federal and State Grant Fund	A-5	823,806.82	3,530,987.31
Due from Current Fund	A	542,035.00	
		<u>1,365,841.82</u>	<u>3,530,987.31</u>
Receivables and Other Assets:			
Grants Receivable:			
Federal	A-8	5,967,121.64	4,446,068.31
State	A-9	2,494,928.63	1,958,074.05
		<u>8,462,050.27</u>	<u>6,404,142.36</u>
Total Federal and State Grant Fund		<u>9,827,892.09</u>	<u>9,935,129.67</u>
<u>TOTAL ASSETS</u>		<u>\$ 31,366,070.31</u>	<u>\$ 29,525,490.01</u>

COUNTY OF WARREN
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2006	2005
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 5,647,491.15	\$ 4,736,564.38
Encumbered	A-3;A-10	1,740,713.48	1,352,095.51
Total Appropriation Reserves		7,388,204.63	6,088,659.89
Outside Agency Fees Payable		84,339.46	269,138.30
Due to Federal and State Grant Fund	A	542,035.00	
		8,014,579.09	6,357,798.19
Reserve for Receivables	A	259,954.38	717,584.29
Fund Balance	A-1	13,263,644.75	12,514,977.86
Total Regular Fund		21,538,178.22	19,590,360.34
Federal and State Grant Fund:			
Encumbrances Payable		3,113,331.63	2,766,535.65
Due to Current Fund	A		2,980.72
Reserve for Grant Fund Expenditures:			
Federal	A-11	4,064,389.02	5,959,120.03
State	A-12	2,108,136.44	1,206,493.27
Unappropriated Reserves	A-13	542,035.00	
Total Federal and State Grant Fund		9,827,892.09	9,935,129.67
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 31,366,070.31</u>	<u>\$ 29,525,490.01</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF WARREN
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2006	2005
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 6,950,002.10	\$ 6,600,002.48
Receipts from:			
Current Taxes		60,036,930.00	54,611,871.00
Miscellaneous Revenue Anticipated		45,648,014.49	41,717,415.63
Nonbudget Revenue		2,608,757.47	2,309,659.46
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,481,839.98	2,565,961.49
Interfunds Returned		146,736.26	
Reserve for Grant Fund Expenditures Cancelled:			
Federal		154,798.53	4,184.07
State		21,373.62	16,591.13
Total Income		<u>118,048,452.45</u>	<u>107,825,685.26</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		35,438,450.00	33,914,808.00
Other Expenses		57,818,771.48	53,294,199.20
Capital Improvements		8,809,110.00	4,737,250.00
County Debt Service		4,179,867.32	5,272,674.68
Deferred Charges and Statutory Expenditures		3,920,940.60	3,277,504.60
Interfunds Advanced			101,033.66
Federal Grant Fund Receivables Cancelled		115,249.76	13,286.06
State Grant Fund Receivables Cancelled		65,663.24	16,591.13
Federal Grant Fund Encumbrances Cancelled		1,731.06	
Total Expenditures		<u>110,349,783.46</u>	<u>100,627,347.33</u>
Excess in Revenue		7,698,668.99	7,198,337.93
Fund Balance January 1		<u>12,514,977.86</u>	<u>11,916,642.41</u>
		20,213,646.85	19,114,980.34
Utilized as Anticipated Revenue		<u>6,950,002.10</u>	<u>6,600,002.48</u>
Fund Balance December 31	A	<u>\$ 13,263,644.75</u>	<u>\$ 12,514,977.86</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2006

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit *</u>
	<u>Budget</u>	<u>Special NJS A 40A:4-87</u>		
Fund Balance Anticipated	\$ 6,950,002.10		\$ 6,950,002.10	
Miscellaneous Revenue:				
County Clerk Fees	1,617,553.00		1,690,572.47	\$ 73,019.47
County Surrogate Fees	87,682.00		53,669.49	34,012.51 *
County Sheriff Fees	170,149.00		178,837.55	8,688.55
Fines	12,000.00		11,403.14	596.86 *
Interest on Investments and Deposits	1,023,315.00		2,048,986.61	1,025,671.61
Election Expenses Reimbursed by Municipalities	95,000.00		143,504.65	48,504.65
Motor Vehicle Fines	545,000.00		622,588.90	77,588.90
Fees from Public Health Nursing Agency	1,350,000.00		1,350,000.00	
Revenue for Housing State Inmates in the County Correctional Center	205,000.00		235,308.67	30,308.67
Public Health Nursing Trust	1,300,000.00		1,300,000.00	
Bail Bond Forfeitures	21,329.00		21,328.81	0.19 *
Medicaid Peer Grouping (PL 1985, Ch 474)	1,626,703.00		1,626,703.00	
Boarding Out-of-County Youth - Warren County Juvenile Retention & Rehabilitation Center	195,000.00		262,053.49	67,053.49
School Election Expenses Reimbursed by Each School Board District	58,000.00		56,654.30	1,345.70 *
State Aid - County College Bonds (NJS A 18A:64A-22.6)	207,407.50		207,407.50	
Permanent Disability - Patients in County Institutions (NJS A 44:77-38 et seq.)	10,919,151.00		11,745,197.78	826,046.78
Aging CCPED Medicaid Reimbursement	243,000.00		282,045.00	39,045.00
DCA Reimbursement Prosecutor Salaries	41,000.00		41,000.00	
Department of Human Services, Division of Temporary Assistance and Social Services	2,550,000.00		2,850,069.21	300,069.21
Social and Welfare Services (c.66 PL 1990): Division of Youth and Family Services	308,765.00		308,765.00	
Supplemental Social Security Income	136,469.00		149,748.88	13,279.88
Psychiatric Facilities (c. 73 PL 1990): Maintenance of Patients in State Institutions for Mental Diseases	2,419,158.00		2,419,158.00	
Maintenance of Patients in State Institutions for Mentally Retarded	2,363,033.00		2,363,034.00	1.00
Community Mental Center of Piscataway	237.00			237.00 *
State Psychiatric Hospitals	35,940.00		30,662.24	5,277.76 *
New Jersey Transportation Authority Act		\$ 1,276,000.00	1,276,000.00	
Area Plan Grant	582,617.00	428,628.00	1,011,245.00	
Department of Community Affairs: Handicapped Person's Recreational Opportunities		13,250.00	13,250.00	
U.S. Department of Housing and Urban Development: Small Cities Community Development Block Grant		500,000.00	500,000.00	

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2006
(Continued)

	Anticipated		Realized	Excess or Deficit *
	Budget	Special NJSA 40A:4-87		
Miscellaneous Revenue (Continued):				
NJ Historic Trust:				
General Operating Support		\$ 23,000.00	\$ 23,000.00	
NJ Transit Corporation:				
Section 5311		357,600.00	357,600.00	
Senior Citizen & Disabled Resident, Transportation Assistance Program		584,499.45	584,499.45	
NJ Transit Job Access		304,738.00	304,738.00	
Department of the Treasury:				
Municipal Alliance to Prevent Alcoholism and Drug Abuse		150,428.00	150,428.00	
Department of Environmental Protection:				
Clean Communities Program		40,858.12	40,858.12	
County Environmental Health Act (C.E.H.A.)		144,704.00	144,704.00	
New Jersey Highlands Council	\$ 57,000.00		57,000.00	
Community Forest Management Plan	2,000.00		2,000.00	
NJ State Council on the Arts:				
Local Arts Program		95,060.00	95,060.00	
Department of Military & Veterans Affairs:				
Veterans Transportation		7,000.00	7,000.00	
NJ Office of Emergency Telecommunications Service:				
Enhanced 911 Consolidation Grant - Equipment		518,000.00	518,000.00	
Enhanced 911 Consolidation Grant - Consolidation		189,000.00	189,000.00	
General Assistance Grant		87,320.00	87,320.00	
NJ Division of Archives and Record Management:				
Public Archives and Records Infrastructure Support		893,300.00	893,300.00	
Morris/Sussex/Warren Workforce Investment Board:				
Early Employment Initiative		6,000.00	6,000.00	
Open Space Tax Fund	1,016,611.32		1,016,611.32	
Tax Relief - County Clerk	782,447.00		782,447.00	
Tax Relief - Surrogate	77,621.00		77,621.00	
Tax Relief - Sheriff	106,232.00		106,232.00	
Total Miscellaneous Revenue	30,863,617.82	12,316,589.48	45,648,014.49	\$ 2,467,807.19
Amount to be Raised by Taxes for Support of the County Budget:				
Local Taxes for County Purposes	60,036,930.00		60,036,930.00	
Budget Totals	\$ 97,850,549.92	\$ 12,316,589.48	112,634,946.59	2,467,807.19
Nonbudget Revenue:				
Miscellaneous Revenue Not Anticipated			2,608,757.47	2,608,757.47
			\$ 115,243,704.06	\$ 5,076,564.66

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2006

(Continued)

Analysis of Nonbudget Revenue:

Added, Omitted & Rollback Taxes	\$ 1,309,666.18
White Prints Books	791.76
Health Services Reimbursement	6,026.53
Inmate Processing Fees	36,989.60
Essex I & II - State	31,837.33
Board of Appeals Applications	1,400.00
Court Reimbursement	11,531.25
Public Information Fees	2,881.32
Emergency Management Agency Payment - NJ State Police	10,000.00
Emergency Management Agency Payment - FEMA	7,224.66
Personnel Costs Reimbursement	377,223.25
Fees for Services	153,141.00
Subsidy Transportation Planning	44,714.80
Auction Proceeds	54,706.98
Work Release Program	8,612.53
SSA Inmates	7,600.00
State of New Jersey Title IV-D - Probation Department	51,149.02
County Labor Assistance Program	15,206.00
Office On Aging State Aid	58,000.00
Emergency Management Firefighters	686.00
Prior Year Insurance Refunds	39,583.79
Special Charges Engineering	1,920.00
Pay Phone - Jail Inmate	8,652.75
Refund of Excess Premium Insurance	51,682.00
Rental of Land	2,361.40
Indirect Costs to Outside Agencies	16,195.12
Milk and Meals - Warren Acres	16,873.95
Sale of Recyclable Matter	10,000.00
Land Development Fees Planning	41,460.00
Sick Leave Injury Reimbursement	35,620.19
Pretrial Discovery Fees	8,259.34
Mental Health Reimbursement	24,000.00
Restitution Payments	4,594.71
Fees Collected by Engineering Department	15,875.00
Health Tobacco Control	5,640.00
Client Reimbursement Adjustor	5,134.21
Reimbursement Municipal Sheriff Training	23,723.14
Miscellaneous	107,793.66
	<hr/>
	\$ 2,608,757.47

Analysis of Interest on Investments and Deposits:

Interest Earned in Current Fund	\$ 1,105,917.59
Interest Earned in General Capital Fund	943,069.02
	<hr/>
	\$ 2,048,986.61

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT:				
General Administration (Includes Purchasing):				
Salaries and Wages	\$ 407,850.00	\$ 425,450.00	\$ 397,821.52	\$ 27,628.48
Other Expenses	70,940.00	74,540.00	39,419.24	35,120.76
Personnel Department:				
Salaries and Wages	294,250.00	294,250.00	273,062.57	21,187.43
Other Expenses	148,200.00	148,200.00	127,719.97	20,480.03
Board of Chosen Freeholders:				
Salaries and Wages	73,001.00	73,001.00	65,753.91	7,247.09
Other Expenses	75,000.00	75,000.00	54,886.17	20,113.83
Board of Elections:				
Salaries and Wages	358,000.00	371,300.00	361,455.82	9,844.18
Other Expenses	115,595.00	154,695.00	152,274.45	2,420.55
County Clerk:				
Salaries and Wages	486,808.00	524,808.00	459,933.30	64,874.70
Other Expenses	375,876.00	375,876.00	361,376.30	14,499.70
Treasurers / CFO:				
Salaries and Wages	469,875.00	471,075.00	450,293.06	20,781.94
Other Expenses	53,750.00	53,750.00	41,833.10	11,916.90
Audit	112,945.00	112,945.00	112,945.00	
Information Systems Division:				
Salaries and Wages	80,000.00	82,500.00	78,367.30	4,132.70
Other Expenses	779,210.00	779,210.00	609,809.12	169,400.88
Board of Taxation:				
Salaries and Wages	96,400.00	98,900.00	93,484.05	5,415.95
Other Expenses	46,970.00	46,970.00	41,279.76	5,690.24
County Counsel:				
Salaries and Wages	325,000.00	265,000.00	248,292.09	16,707.91
Other Expenses	250,000.00	310,000.00	264,574.37	45,425.63
County Surrogate:				
Salaries and Wages	272,650.00	278,450.00	265,469.35	12,980.65
Other Expenses	25,313.00	25,313.00	17,588.25	7,724.75

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT (Continued):				
Engineer:				
Salaries and Wages	\$ 679,900.00	\$ 679,900.00	\$ 643,864.28	\$ 36,035.72
Other Expenses	11,075.00	11,075.00	10,046.98	1,028.02
Economic Development & Tourism:				
Salaries and Wages	123,400.00	133,700.00	125,982.74	7,717.26
Other Expenses	112,090.00	112,090.00	111,542.56	547.44
Cultural & Heritage Commission (NJSA 40:33A-6):				
Salaries and Wages	63,750.00	64,950.00	61,264.54	3,685.46
Other Expenses	44,853.00	44,853.00	36,287.66	8,565.34
Aid to Warren County Historical & Genealogical Society Museum:				
Other Expenses	5,000.00	5,000.00	5,000.00	
Weights & Measures:				
Salaries and Wages	145,485.00	146,685.00	138,719.00	7,966.00
Other Expenses	4,185.00	4,185.00	4,181.46	3.54
War Veterans Burial & Grave Decorations:				
Salaries and Wages	10,140.00	10,990.00	10,212.06	777.94
Other Expenses	11,815.00	11,815.00	8,799.87	3,015.13
TOTAL GENERAL GOVERNMENT	6,129,326.00	6,266,476.00	5,673,539.85	592,936.15
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	462,700.00	462,700.00	411,925.89	50,774.11
Other Expenses	66,650.00	66,650.00	59,008.97	7,641.03
TOTAL LAND USE ADMINISTRATION	529,350.00	529,350.00	470,934.86	58,415.14

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
INSURANCES:				
Insurance on Buildings & Motor Vehicles and Surety Bond Premiums	\$ 1,927,107.00	\$ 1,927,107.00	\$ 1,927,107.00	
Workmen's Compensation	1,047,893.00	1,047,893.00	1,047,893.00	
Group Insurance Plan for Employees	10,962,125.00	10,962,125.00	10,535,567.88	\$ 426,557.12
TOTAL INSURANCES	13,937,125.00	13,937,125.00	13,510,567.88	426,557.12
PUBLIC SAFETY:				
Communication Center:				
Salaries and Wages	1,626,636.00	1,626,636.00	1,500,034.27	126,601.73
Other Expenses	476,650.00	476,650.00	325,223.35	151,426.65
Public Safety:				
Salaries and Wages	220,975.00	231,975.00	217,489.41	14,485.59
Other Expenses	12,375.00	12,375.00	6,243.39	6,131.61
Office of Emergency Management:				
Salaries and Wages	93,425.00	107,425.00	101,370.29	6,054.71
Other Expenses	18,100.00	18,100.00	15,441.35	2,658.65
Aid to Volunteer Fire Companies & Emergency Squads:				
Other Expenses	85,000.00	85,000.00	74,680.82	10,319.18
Sheriff's Office:				
Salaries and Wages	1,034,755.00	1,126,255.00	1,058,999.41	67,255.59
Other Expenses	71,800.00	71,800.00	53,971.97	17,828.03
County Medical Examiner:				
Other Expenses	255,340.00	255,340.00	255,339.96	0.04
Prosecutor's Office:				
Salaries and Wages	3,635,729.00	3,635,729.00	3,538,582.78	97,146.22
Other Expenses	442,336.00	442,336.00	371,894.33	70,441.67
Juvenile Retention & Rehabilitation Center:				
Salaries and Wages	1,046,250.00	1,046,250.00	968,336.95	77,913.05
Other Expenses	295,650.00	295,650.00	234,832.35	60,817.65

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC SAFETY (Continued):				
Jail:				
Salaries and Wages	\$ 3,623,200.00	\$ 3,623,200.00	\$ 3,347,449.26	\$ 275,750.74
Other Expenses	1,593,275.00	1,593,275.00	1,532,029.62	61,245.38
TOTAL REGULATION	14,531,496.00	14,647,996.00	13,601,919.51	1,046,076.49
PUBLIC WORKS:				
Roads:				
Salaries and Wages	2,932,745.00	2,932,745.00	2,548,150.25	384,594.75
Other Expenses	2,027,625.00	2,027,625.00	1,976,021.56	51,603.44
Bridges:				
Salaries and Wages	622,600.00	622,600.00	560,266.33	62,333.67
Other Expenses	172,000.00	172,000.00	164,810.08	7,189.92
Recycling:				
Salaries and Wages	11,141.00	11,141.00	11,141.00	
Other Expenses	86,327.00	86,327.00	86,327.00	
Buildings and Grounds:				
Salaries and Wages	1,255,150.00	1,233,150.00	1,008,965.57	224,184.43
Other Expenses	696,050.00	718,050.00	691,629.05	26,420.95
Shade Tree Commission:				
Other Expenses	15,000.00	15,000.00	14,880.77	119.23
Mosquito Extermination Commission:				
Other Expenses	605,000.00	605,000.00	605,000.00	
TOTAL PUBLIC WORKS	8,423,638.00	8,423,638.00	7,667,191.61	756,446.39

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
HEALTH & HUMAN SERVICES:				
County Health Service Interlocal Agreement (NISA 40:8A-1):				
Salaries and Wages	\$ 3,041,350.00	\$ 3,153,350.00	\$ 3,042,748.82	\$ 110,601.18
Other Expenses	503,451.00	503,451.00	442,582.82	60,868.18
Center on Aging:				
Salaries and Wages	329,500.00	329,500.00	301,737.01	27,762.99
Other Expenses	215,872.00	215,872.00	167,770.23	48,101.77
Nutrition Program:				
Salaries and Wages	15,000.00	15,000.00	4,992.69	10,007.31
Other Expenses	343,648.00	343,648.00	332,958.68	10,689.32
Warren Haven:				
Salaries and Wages	8,016,283.00	8,016,283.00	7,204,417.43	811,865.57
Other Expenses	2,285,650.00	2,285,650.00	1,876,997.54	408,652.46
Youth Shelter:				
Other Expenses	120,000.00	120,000.00	92,395.40	27,604.60
Mental Health Administration:				
Salaries and Wages	382,525.00	382,525.00	316,830.24	65,694.76
Other Expenses	57,155.00	57,155.00	40,702.30	16,452.70
Psychiatric Facilities (c 73, PL 1990):				
Maintenance for Mental Diseases:				
Other Expenses - Local	690,457.00	690,457.00	690,457.00	
Other Expenses - State	2,257,184.00	2,257,184.00	2,257,184.00	
Maintenance of Patients in State Institutions for Mentally Retarded:				
Other Expenses - State	2,419,158.00	2,419,158.00	2,419,158.00	
New Jersey Bureau of Children's Services:				
Other Expenses - State	308,765.00	308,765.00	308,765.00	
County Welfare Board:				
Salaries and Wages	2,275,852.00	2,400,852.00	2,280,175.89	120,676.11
Other Expenses	716,512.00	756,512.00	731,183.62	25,328.38

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
HEALTH & HUMAN SERVICES (Continued):				
County Adjuster:				
Salaries and Wages	\$ 46,000.00	\$ 46,000.00	\$ 43,106.35	\$ 2,893.65
Other Expenses	18,000.00	21,000.00	17,163.47	3,836.53
Health and Human Services (NJS A 30:4D-6.9)	187,802.00	187,802.00	187,802.00	
Human Service Programs (NJS A 30:14-11)	210,824.00	210,824.00	210,824.00	
Human Service Programs (NJS A 40:23-8.14)	74,915.00	74,915.00	74,915.00	
Mental / Health Services Programs (NJS A 40:13-2)	285,114.00	285,114.00	246,512.38	38,601.62
Adult Mental / Health Services Programs (NJS A 40:5-2.9 and 30:9A-1)	543,291.00	543,291.00	540,547.00	2,744.00
Youth Services (NJS A 40:5-2.9)	235,451.00	235,451.00	235,451.00	
Substance Abuse Services (NJS A 30:9-12.16)	135,281.00	135,281.00	127,829.00	7,452.00
TOTAL HEALTH & HUMAN SERVICES	25,715,040.00	25,995,040.00	24,195,206.87	1,799,833.13
EDUCATION:				
Warren County Community College (NJS A 18A:64A-30 et seq.):				
Other Expenses	2,180,243.00	2,180,243.00	2,180,243.00	
Reimbursement for Residents Attending Out - of - County Two Year Colleges (NJS A 18A:64A-23):				
Other Expenses	125,000.00	125,000.00	76,801.48	48,198.52
Contribution to Warren County Soil Conservation District (NJS A 4:24-22 (I)):				
Other Expenses	81,000.00	81,000.00	81,000.00	
County Extension Service - Farm & Home:				
Salary and Wages	198,250.00	204,050.00	194,177.52	9,872.48
Other Expenses	99,000.00	99,000.00	92,490.69	6,509.31
Warren County Vocational School:				
Other Expenses	3,980,672.00	3,980,672.00	3,942,578.00	38,094.00

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
EDUCATION (Continued):				
Reimbursements for Residents Attending Out - of - County Vocational Schools (NJS A 18A:54A+23.4):				
Other Expenses	\$ 5,000.00	\$ 5,000.00		\$ 5,000.00
Office of Superintendent of Schools:				
Salary and Wages	92,575.00	92,575.00	\$ 84,526.47	8,048.53
Other Expenses	18,870.00	18,870.00	13,105.76	5,764.24
Special Schools Services:				
Other Expenses	184,821.00	184,821.00	184,821.00	
TOTAL EDUCATION	6,965,431.00	6,971,231.00	6,849,743.92	121,487.08
OTHER OPERATIONS FUNCTIONS:				
Provisions for Salary Adjustments & New Employees	796,000.00	217,550.00		217,550.00
TOTAL OTHER OPERATIONS FUNCTIONS	796,000.00	217,550.00		217,550.00
OPERATIONS:				
UTILITIES EXPENSES AND BULK PURCHASES:				
Electricity	735,000.00	735,000.00	663,719.24	71,280.76
Telephone (excluding equipment acquisition)	640,000.00	679,000.00	677,528.58	1,471.42
Water	68,500.00	68,500.00	60,320.44	8,179.56
Fuel Oil	445,000.00	445,000.00	356,609.59	88,390.41
Sewerage Processing and Disposal	182,000.00	182,000.00	156,862.41	25,137.59
Gasoline	425,000.00	425,000.00	404,443.54	20,556.46
TOTAL UTILITIES	2,495,500.00	2,534,500.00	2,319,483.80	215,016.20
SUBTOTAL OPERATIONS	79,522,906.00	79,522,906.00	74,288,588.30	5,234,317.70

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET				
BY REVENUES:				
Area Plan Grant (NJS A 40A:4-87 + \$428,628.00)	\$ 582,617.00	\$ 1,011,245.00	\$ 1,011,245.00	
Department of Human Services, Division of Youth & Family Services: Planning & Administering Human Service Grants, Title XX Coalition (NJS A 40A:4-87 + \$291,038.00)		291,038.00	291,038.00	
Adult Protective Services (NJS A 40A:4-87 + \$25,839.00)		25,839.00	25,839.00	
Department of Community Affairs, Recreation for Individuals with Disabilities (NJS A 40A:4-87 + \$13,250.00)		13,250.00	13,250.00	
Department of Transportation, FY 2006 Capital Transportation Program (NJS A 40A:4-87 + \$1,276,000.00)		1,276,000.00	1,276,000.00	
Community Forest Management Plan	2,000.00	2,000.00	2,000.00	
NJ Highland Council	57,000.00	57,000.00	57,000.00	
Department of Law & Public Safety, Juvenile Accountability Incentive Block Grant (NJS A 40A:4-87 + \$7,902.00)		7,902.00	7,902.00	
Department of Health & Senior Services, Right-to-know (NJS A 40A:4-87 + \$9,220.00)		9,220.00	9,220.00	
Matching Funds for Grant & Aid - Handicapped Person's Recreational Act - County Match	2,650.00	2,650.00	2,650.00	
Matching Funds for Grant & Aid - Area Plan Grant - Title III - Nutrition Program - County Match	36,511.00	36,511.00		\$ 36,511.00
Matching Funds for Grant & Aid Department of Environmental Protection, Clean Communities Program (NJS A 40A:4-87 + \$40,858.12)	23,750.00	23,750.00	40,858.12	23,750.00
NJ Council on the Arts, General Program Support Local Support (NJS A 40A:4-87 + \$95,060.00)		95,060.00	95,060.00	
Department of Human Services, Social Services for the Homeless (NJS A 40A:4-87 + \$6,708.00)	81,912.00	88,620.00	88,620.00	
Department of Human Services, Personal Attendant Service Program (NJS A 40A:4-87 + \$123,232.00)		123,232.00	123,232.00	

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET				
BY REVENUES (Continued):				
Department of Health & Senior Services,				
Comprehensive Program for Planning and Provision of				
Alcohol & Abuse Grant (NJSA 40A:4-87 + \$1,139.00)	\$ 227,737.00	\$ 228,876.00	\$ 228,876.00	
Department of Law & Public Safety, Division				
of Highway Safety, Summer Internship		18,256.00	18,256.00	
(NJSA 40A:4-87 + \$18,256.00)				
Department of Law & Public Safety, Division of Local Aid &				
Economic Development, Highway Safety Improvements		3,658,152.00	3,658,152.00	
(NJSA 40A:4-87 + \$3,658,152.00)				
NJ Department of Transit Corporation, Job Access and				
Reverse Commute Program - Route 57 Shuttle		304,738.00	304,738.00	
(NJSA 40A:4-87 + \$304,738.00)				
Department of Community Affairs, Small				
Cities Community Development Block Grant		500,000.00	500,000.00	
(NJSA 40A:4-87 + \$500,000.00)				
Department of Environmental Protection, County				
Environmental Health Act (NJSA 40A:4-87 + \$144,704.00)		144,704.00	144,704.00	
Department of Health, Prevention Oriented System for				
Child Health Care (NJSA 40A:4-87 + \$43,269.00)		43,269.00	43,269.00	
Department of Health, Bioterrorism Preparedness				
and Response (NJSA 40A:4-87 + \$587,290.00)		587,290.00	587,290.00	
Juvenile Justice Commission, State Facility				
Education Act (NJSA 40A:4-87 + \$18,000.00)		18,000.00	18,000.00	
Department of Law & Public Safety, Division of Criminal				
Justice, Multi-Jurisdiction Narcotics Task	87,110.00	87,110.00	87,110.00	
NJ Transit Corporation, Section 5311 Grant				
(NJSA 40A:4-87 + \$942,099.45)		942,099.45	942,099.45	
Morris/Essex/Warren Employment & Training Services,				
Work First EEI (NJSA 40A:4-87 + \$6,000.00)		6,000.00	6,000.00	

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET				
BY REVENUES (Continued):				
Department of Law & Public Safety, Local Law Enforcement				
Block Grant - Megan's Law (N.J.S.A. 40A:4-87 + \$5,943.00)	\$ 3,962.00	\$ 9,905.00	\$ 9,905.00	
Department of Law & Public Safety, Sex Offender Internet Registry				
Grant - Megan's Law (N.J.S.A. 40A:4-87 + \$7,740.00)		7,740.00	7,740.00	
Department of Law & Public Safety, Division of Criminal Justice, S.A.N.E. (N.J.S.A. 40A:4-87 + \$81,744.00)	81,994.00	163,738.00	163,738.00	
Department of Law & Public Safety, Division of Criminal Justice, Victims of Crime Act (N.J.S.A. 40A:4-87 + \$166,395.00)		166,395.00	166,395.00	
Department of Health & Senior Services, Special Child Health Early Intervention Program (N.J.S.A. 40A:4-87 + \$213,854.00)		213,854.00	213,854.00	
Governor's Council on Alcoholism and Drug Abuse, Municipal Alliance (N.J.S.A. 40A:4-87 + \$150,428.00)		150,428.00	150,428.00	
Department of Human Services, Division of Family Development, Work First NJ, (N.J.S.A. 40A:4-87 + \$157,741.00)	161,765.00	319,506.00	319,506.00	
Department of Law & Public Safety, Division of Criminal Justice, Office of Insurance Fraud	63,718.00	63,718.00	63,718.00	
Department of State, Division of Archives & Record Management, P.A.R.I.S. Grant (N.J.S.A. 40A:4-87 + \$893,300.00)		893,300.00	893,300.00	
Department of Justice, Community Oriented Policing Services - COPS (N.J.S.A. 40A:4-87 + \$148,084.00)		148,084.00	148,084.00	
NJ Juvenile Justice Commission, State/Community Partnership Grant Program & Family Court Services Program (N.J.S.A. 40A:4-87 + \$291,694.00)		291,694.00	291,694.00	
Department of Law & Public Safety, Attorney Identification Program (N.J.S.A. 40A:4-87 + \$11,000.00)		11,000.00	11,000.00	
Department of Law & Public Safety, Division of State Police: FEMA - Emergency Management Grant - County Property Damage, Ivan Storm (N.J.S.A. 40A:4-87 + \$42,678.91)		42,678.91	42,678.91	
Homeland Security Grant (N.J.S.A. 40A:4-87 + \$278,363.00)		278,363.00	278,363.00	

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC AND PRIVATE PROGRAMS OFFSET				
BY REVENUES (Continued):				
NJ Department of Military & Veterans Affairs, Veterans Transportation Grant (NJSA 40A:4-87 + \$7,000.00)	\$	7,000.00	\$	7,000.00
NJ Office of Emergency Telecommunications:				
Enhanced 911 Equipment Grant (NJSA 40A:4-87 + \$605,320.00)		605,320.00		605,320.00
Enhanced 911 Consolidation Grant (NJSA 40A:4-87 + \$189,000.00)		189,000.00		189,000.00
Historical Commission Grant, General Public Operating Support Grant (NJSA 40A:4-87 + \$23,000.00)		23,000.00		23,000.00
Department of Human Services, Division of Youth & Family Services, Task Force on Child Abuse & Neglect, Child Advocacy Center Development (NJSA 40A:4-87 + \$23,922.00)		23,922.00		23,922.00
Department of Transportation, NJ Transportation Trust Fund Authority Discretionary Aid Program - Stryker's Road (NJSA 40A:4-87 + \$478,000.00)		478,000.00		478,000.00
TOTAL FEDERAL AND STATE PROGRAMS	\$ 1,412,726.00	13,729,315.48	13,669,054.48	\$ 60,261.00
Total Operations	80,935,632.00	93,252,221.48	87,957,642.78	5,294,578.70
Contingent	5,000.00	5,000.00		5,000.00
TOTAL OPERATIONS INCLUDING CONTINGENT	80,940,632.00	93,257,221.48	87,957,642.78	5,299,578.70
Detail:				
Salary and Wages	35,645,150.00	35,438,450.00	32,419,399.42	3,019,050.58
Other Expenses	45,295,482.00	57,818,771.48	55,538,243.36	2,280,528.12
CAPITAL IMPROVEMENTS:				
Capital Improvement Fund	8,809,110.00	8,809,110.00	8,809,110.00	
TOTAL CAPITAL IMPROVEMENTS	8,809,110.00	8,809,110.00	8,809,110.00	

COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

	Appropriated by		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
DEBT SERVICE:				
Payment of Bond Principal:				
Open Space Bonds	\$ 610,000.00	\$ 610,000.00	\$ 610,000.00	
State Aid - County College Bonds (NJS 18A:64A-22.6)	185,000.00	185,000.00	185,000.00	
Vocational School Bonds	225,000.00	225,000.00	225,000.00	
Other Bonds	2,250,000.00	2,250,000.00	2,250,000.00	
Interest on Bonds:				
Open Space Bonds	304,893.76	304,893.76	304,893.76	
State Aid - County College Bonds	22,407.50	22,407.50	22,407.50	
Vocational School Bonds	79,700.00	79,700.00	79,700.00	
Other Bonds	401,148.50	401,148.50	401,148.50	
Green Trust Loan Program:				
Loan Repayments for Principal and Interest	101,717.56	101,717.56	101,717.56	
TOTAL DEBT SERVICE	4,179,867.32	4,179,867.32	4,179,867.32	
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' Retirement System	529,582.40	529,582.40	529,582.40	
Social Security System	2,806,853.80	2,806,853.80	2,557,186.63	\$ 249,667.17
Unemployment Compensation				
Insurance (N.J.S.A. 43:21-3 et. seq.)	138,000.00	138,000.00	39,754.72	98,245.28
Police and Fireman's Retirement System of NJ	369,689.40	369,689.40	369,689.40	
Public Employees' Retirement System - E.R.I.	76,815.00	76,815.00	76,815.00	
Total Statutory Expenditures	3,920,940.60	3,920,940.60	3,573,028.15	347,912.45
	3,920,940.60	3,920,940.60	3,573,028.15	347,912.45
TOTAL GENERAL APPROPRIATIONS	\$ 97,850,549.92	\$ 110,167,139.40	\$ 104,519,648.25	\$ 5,647,491.15

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COUNTY OF WARREN
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2006
(Continued)

Analysis of Budget After Modification

Ref.

Adopted Budget	\$	97,850,549.92
Appropriation by NJSA 40A:4-87		\ 12,316,589.48
		110,167,139.40
	\$	110,167,139.40

Analysis of Paid or Charged

Cash Disbursed		\$	89,254,103.07
Encumbrances Payable	A		1,740,713.48
Transfer to Grant Fund Expenditures:			
Federal Programs			8,902,388.91
State Programs			\ 4,764,015.57
			104,661,221.03
Less: Refunds			141,572.78
		\$	\ 104,519,648.25

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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COUNTY OF WARREN

OTHER TRUST FUNDS

2006

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COUNTY OF WARREN
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2006	2005
<u>ASSETS</u>			
Regular Trust Fund:			
Cash Accounts:			
Checking		\$ 1,865,845.97	\$ 2,547,037.61
Savings Account		1.00	1.00
Money Market Accounts		750,000.00	906,673.63
Certificates of Deposits		5,650,000.00	3,850,000.00
	B-1	<u>8,265,846.97</u>	<u>7,303,712.24</u>
Rehabilitation Loans Receivable	B-3	4,661,835.61	4,655,962.56
		<u>4,661,835.61</u>	<u>4,655,962.56</u>
Total Regular Trust Fund		<u>12,927,682.58</u>	<u>11,959,674.80</u>
Open Space Trust Fund:			
Cash Account:			
Checking		2,365,938.01	1,969,107.19
Certificates of Deposits		10,750,000.00	9,000,000.00
	B-1	<u>13,115,938.01</u>	<u>10,969,107.19</u>
Unemployment Trust Fund:			
Cash Account:			
Checking	B-1	56,218.25	65,317.38
Other Trust Fund:			
Cash Accounts:			
Checking		2,114,566.11	4,367,010.88
Certificates of Deposits		8,100,000.00	5,150,000.00
	B-1	<u>10,214,566.11</u>	<u>9,517,010.88</u>
Receivables:			
Community Development Block Grant Receivable	B-2	223,234.00	
Total Other Trust Fund		<u>10,437,800.11</u>	<u>9,517,010.88</u>
TOTAL ASSETS		<u>\$ 36,537,638.95</u>	<u>\$ 32,511,110.25</u>

COUNTY OF WARREN
COMPARATIVE BALANCE SHEET - TRUST FUNDS
(Continued)

	Ref.	December 31,	
		2006	2005
<u>LIABILITIES AND RESERVES</u>			
Regular Trust Fund:			
Encumbrances Payable		\$ 41,108.43	\$ 254,549.55
Due to Current Fund	A		4,194.70
Reserve for Rehabilitation Loans Receivable		4,661,835.61	4,655,962.56
Reserve for Community Development Block Grant - Echo Housing	B-4	171,758.18	144,400.44
Reserve for Housing Rehabilitation	B-5	1,721,821.45	1,415,179.81
Various Reserves	B-6	6,331,158.91	5,485,387.74
		<u>12,927,682.58</u>	<u>11,959,674.80</u>
Open Space Trust Fund:			
Encumbrances Payable		7,471,411.26	5,960,850.97
Reserve for Open Space Trust	B-7	5,644,526.75	5,008,256.22
		<u>13,115,938.01</u>	<u>10,969,107.19</u>
Unemployment Trust Fund:			
Reserve for Unemployment Claims	B-7	56,218.25	65,317.38
		<u>56,218.25</u>	<u>65,317.38</u>
Other Trust Fund:			
Encumbrances Payable		192,459.80	53,522.37
Due to Current Fund	A		100,945.04
Reserve for Receivables		223,234.00	
Various Reserves	B-8	10,022,106.31	9,362,543.47
		<u>10,437,800.11</u>	<u>9,517,010.88</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 36,537,638.95</u>	<u>\$ 32,511,110.25</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
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COUNTY OF WARREN

GENERAL CAPITAL FUND

2006

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COUNTY OF WARREN
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2006	2005
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 15,291,796.04	\$ 12,218,442.85
Deferred Charges to Future Taxation:			
Funded		21,610,643.81	24,960,015.96
<u>TOTAL ASSETS</u>		<u>\$ 36,902,439.85</u>	<u>\$ 37,178,458.81</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 20,553,000.00	\$ 23,823,000.00
Green Trust Loan Payable	C-9	1,057,643.81	1,137,015.96
Improvement Authorizations:			
Funded	C-6	7,727,397.73	6,451,558.59
Encumbrances Payable		4,388,478.52	2,971,831.67
Due to Current Fund	A		38,615.80
Reserve for Library Expansion		1,062,736.00	518,253.00
Capital Improvement Fund	C-5	1,175,598.91	1,300,598.91
Fund Balance	C-1	937,584.88	937,584.88
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 36,902,439.85</u>	<u>\$ 37,178,458.81</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
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COUNTY OF WARREN
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2005	C	<u>\$ 937,584.88</u>
Balance December 31, 2006	C	<u><u>\$ 937,584.88</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
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COUNTY OF WARREN

GENERAL FIXED ASSETS ACCOUNT GROUP

2006

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COUNTY OF WARREN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2006	2005
<u>ASSETS</u>		
Land	\$ 74,626,950.54	\$ 48,115,822.63
Buildings	29,617,754.70	29,347,035.70
Other Improvements	27,835,538.54	27,835,538.54
Vehicles	9,594,107.03	8,099,692.28
Machinery and Equipment	10,046,540.78	8,521,512.81
 TOTAL ASSETS	 \$ 151,720,891.59	 \$ 121,919,601.96
 <u>RESERVES</u>		
Investment in General Fixed Assets	\$ 136,429,775.50	\$ 106,628,485.87
Contributed Capital	15,291,116.09	15,291,116.09
 TOTAL RESERVES	 \$ 151,720,891.59	 \$ 121,919,601.96

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
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COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the County of Warren include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County of Warren, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the County of Warren do not include the operations of the County Community College, Mosquito Commission, Clerk, Surrogate, Sheriff, Prosecutor, County Municipal Utilities Authority, Historical Society, Pollution Control Financing Authority of Warren County, Audiovisual Aids Educational Commission or the County Vocational School, inasmuch as their activities are administered by separate boards.

In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlements to resources, and significance) should be included in the financial reporting entities.

Financial statements for each of the component units may be obtained from the entity's administrative offices.

Warren County College
 475 Route 57 West
 Washington, NJ 07882

Warren County Mosquito Commission
 2 Furnace Street
 Oxford, NJ 07863

Office of the Warren County Clerk
 Courthouse
 413 Second Street
 Belvidere, NJ 07863

Office of the Warren County Surrogate
 Courthouse
 413 Second Street
 Belvidere, NJ 07863

Office of the Warren County Sheriff
 Courthouse
 413 Second Street
 Belvidere, NJ 07863

Office of the Warren County Prosecutor
 Courthouse
 413 Second Street
 Belvidere, NJ 07863

Governmental Accounting Standards Board ("GASB") codification section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB codification section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds

The accounting policies of the County of Warren conform to the accounting principles applicable to municipalities and counties which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County of Warren accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - historical cost or estimated historical cost of general fixed assets acquired by the County.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the County of Warren conform to the accounting principles applicable to municipalities and counties which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units.

Revenue is recorded when received in cash except for State and Federal Grant Funds which are recorded as revenue in the year they are anticipated in the budget. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the County which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund. Expenditures are charged to operations generally based on budgeted amounts.

Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Continued)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances, become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet additional encumbrances which have not been recorded as of December 31, for specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the County's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; and inventories would not be reflected as expenditures at the time of purchase.

D. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A county can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, or by selling bonds.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

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.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies (Cont'd)

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

Insurance Trust Funds - Payments to insurance trust funds for the County's various self-insurance programs are charged to current budget appropriations in the year the appropriation is included in the County budget rather than when the liability is incurred as required by GAAP.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the County has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund and general capital fund. The values recorded in the general fixed asset account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the County during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general County capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the County are general obligation bonds. The County's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

The Local Bond Law also provides for the issuance of bond anticipation notes by the County to temporarily finance capital projects.

County debt is summarized as follows:

	December 31,		
	2006	2005	2004
<u>Issued</u>			
General Bonds, Notes and Loans	\$ 21,610,643.81	\$ 24,960,015.96	\$ 29,272,824.17
	<u>21,610,643.81</u>	<u>24,960,015.96</u>	<u>29,272,824.17</u>
Less:			
Capital Projects for County Colleges	645,000.00	830,000.00	1,010,000.00
Capital Projects Paid from Open Space, Recreation and Farmland and Historic Preservation Fund	9,042,643.81	9,732,015.96	10,404,824.17
	<u>9,687,643.81</u>	<u>10,562,015.96</u>	<u>11,414,824.17</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 11,923,000.00</u>	<u>\$ 14,398,000.00</u>	<u>\$ 17,858,000.00</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General, Vocational School and County College Debt	<u>\$ 21,610,643.81</u>	<u>\$ 9,687,643.81</u>	<u>\$ 11,923,000.00</u>

Net Debt \$11,923,000 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$11,474,760,797 = .104%.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 2: Long-Term Debt (Cont'd)

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

2% Average Equalized Valuation Basis (County)	\$ 229,495,216
Net Debt	<u>11,923,000</u>
Remaining Borrowing Power	<u>\$ 217,572,216</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior Year

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/05</u>
General Capital Fund:				
Serial Bonds	\$ 27,058,000.00		\$ 3,235,000.00	\$ 23,823,000.00
Loans Payable	1,214,824.17		77,808.21	1,137,015.96
Bond Anticipation Notes	1,000,000.00		1,000,000.00	
Total	<u>\$ 29,272,824.17</u>	<u>\$ -0-</u>	<u>\$ 4,312,808.21</u>	<u>\$ 24,960,015.96</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/06</u>
General Capital Fund:				
Serial Bonds	\$ 23,823,000.00		\$ 3,270,000.00	\$ 20,553,000.00
Loans Payable	1,137,015.96		79,372.15	1,057,643.81
Total	<u>\$ 24,960,015.96</u>	<u>\$ -0-</u>	<u>\$ 3,349,372.15</u>	<u>\$ 21,610,643.81</u>

All debt issued for the Warren County Community College is a direct obligation of the County.

The Warren County Vocational School is a Type I School District; therefore, according to statute, the County is responsible for all debt authorized by the Vocational School.

The County's debt issued and outstanding at December 31, 2006, is as follows:

General Obligation Bonds

<u>Final Maturity</u>	<u>Rate</u>	
7/15/07	5.70%	<u>\$ 408,000</u>

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 2: Long-Term Debt (Cont'd)

Open Space Bond Series 2003A

<u>Final Maturity</u>	<u>Rate</u>	
5/15/2007-09	3.625%	1,255,000
5/15/2011	3.500%	900,000
5/15/2012	3.600%	470,000
5/15/2013	3.750%	490,000
5/15/2014	3.900%	510,000
5/15/2015	4.000%	530,000
5/15/2016	4.100%	545,000
5/15/2017	4.200%	565,000
5/15/2018	4.300%	590,000
		<u>5,855,000</u>

Open Space Refunding Bonds 2003B

<u>Final Maturity</u>	<u>Rate</u>	
11/15/2007	3.000%	\$ 210,000
11/15/2008	2.250%	220,000
11/15/2009	2.500%	225,000
11/15/2010	2.800%	230,000
11/15/2011	3.100%	235,000
11/15/2012	3.350%	240,000
11/15/2013	3.500%	245,000
11/15/2014	3.600%	255,000
11/15/2015	3.750%	270,000
		<u>2,130,000</u>

General Improvement/College Refunding Bonds, Series 2003C

<u>Final Maturity</u>	<u>Rate</u>	
11/15/2007	3.000%	\$ 1,820,000
11/15/2008	2.250%	1,830,000
11/15/2009	4.500%	1,835,000
11/15/2010	2.800%	1,190,000
11/15/2011	3.100%	460,000
11/15/2012	3.350%	485,000
11/15/2013	3.500%	500,000
11/15/2014	3.600%	520,000
11/15/2015	3.750%	540,000
		<u>9,180,000</u>

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 2: Long-Term Debt (Cont'd)

County Vocational School Refunding Bonds, Series 2003D

<u>Final Maturity</u>	<u>Rate</u>	
11/15/2007	3.000%	\$ 235,000
11/15/2008	2.250%	240,000
11/15/2009	2.500%	245,000
11/15/2010	2.800%	250,000
11/15/2011	3.100%	255,000
11/15/2012	3.350%	265,000
11/15/2013	3.500%	270,000
11/15/2014	3.600%	280,000
11/15/2015	3.750%	295,000
		<u>2,335,000</u>

County College Refunding Bonds, Series 2003E

<u>Final Maturity</u>	<u>Rate</u>	
11/15/2007	3.000%	\$ 185,000
11/15/2008	2.250%	185,000
11/15/2009	2.500%	185,000
11/15/2009	2.800%	90,000
		<u>645,000</u>

NJ DEP GREEN TRUST LOAN 1997 ISSUE - OPEN SPACE

<u>Final Maturity</u>	<u>Rate</u>	
6/16/2007-17	2.00%	<u>\$ 659,580.40</u>

NJ DEP GREEN TRUST LOAN 2001 ISSUE - OPEN SPACE

<u>Final Maturity</u>	<u>Rate</u>	
6/17/2007-21	2.00%	<u>\$ 398,063.41</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 .104%.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonded Debt Issued and Loans and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 3,348,967.52	\$ 723,804.79	\$ 4,072,772.31
2008	2,977,594.98	610,558.85	3,588,153.83
2009	2,999,255.14	537,986.19	3,537,241.33
2010	2,285,948.66	396,566.42	2,682,515.08
2011	1,497,676.24	355,528.86	1,853,205.10
2012-2016	7,175,534.77	982,323.17	8,157,857.94
2017-2021	1,325,666.50	81,708.29	1,407,374.79
	<u>\$ 21,610,643.81</u>	<u>\$ 3,688,476.57</u>	<u>\$ 25,299,120.38</u>

Note 3: Green Acres Trust Program

The County was approved for Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement to land for recreation. Through December 31, 2006, the County has borrowed funds twice from the program.

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest on the loans, is at the rate of 2% annually on the outstanding balance. The County has appropriated \$101,717.58 in its 2007 budget to fund principal and interest payments for the above projects.

Note 4: Fund Balances Appropriated

Fund balances at December 31, 2006, which are appropriated and included in the adopted budget as anticipated revenue in their own respective funds for the year ending December 31, 2007, are as follows:

Current Fund	\$6,950,000.20
--------------	----------------

Note 5: Pension Plans

County employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all County employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

(Continued)

Note 5: Pension Plans (Cont'd)

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.0% for PERS and 8.5% for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

The County's annual pension costs (APC) for the plans amounted to \$446,504.40, \$453,864.60 and \$128,818.80 for 2006, 2005 and 2004, respectively. For PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PFRS for local employers for State fiscal years 2004-2007. The local employer PFRS normal and accrued liability contributions required for State fiscal years 2004-2007 are as follows:

- 20% for payments due in State fiscal year 2004
- Not more than 40% for payments due in State fiscal year 2005
- Not more than 60% for payments due in State fiscal year 2006
- Not more than 80% for payments due in State fiscal year 2007

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 6: Accrued Sick and Vacation Benefits

The County has permitted employees to accrue unused vacation and sick pay and carry over all unused sick days. Fifty percent of unused sick days are made payable upon retirement up to a maximum of \$15,000.00. The current cost of such unpaid compensation has been estimated at approximately \$9,064,046 at December 31, 2006, and is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the County's budget operating expenditures in the year in which it is used. During the year the County has also established a trust fund account for accumulated sick and vacation time. The balance of this account at December 31, 2006 is \$570,164.78, and is included with the "Various Reserves" in the Regular Trust Fund.

Note 7: Selected Tax Information

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a possible increase in future tax levies.

<u>Year</u>	<u>General Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2006	\$ 60,036,930	\$ 60,036,930	100.00%
2005	54,611,871	54,611,871	100.00%
2004	50,702,940	50,702,940	100.00%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the County, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Comparative Tax Information

<u>Year</u>	<u>Net Valuation on Which Taxes Are Apportioned</u>	<u>County General Tax Rate</u>	<u>County Library Tax Rate</u>	<u>County Open Space Tax Rate</u>
2006	\$ 11,733,999,903	\$ 0.52	\$ 0.05	\$ 0.06
2005	10,332,405,733	0.53	0.05	0.06
2004	9,199,142,917	0.55	0.05	0.06

Note 8: Warren County Municipal Utilities Authority

The Authority issued \$5,550,000 Wastewater Revenue Refunding Bonds, Series 2006 on September 1, 2006. The bonds were issued to provide funds: (1) to currently refund a portion of the principal amount of Wastewater Revenue Refunding Bonds, Series 1993, which have been issued by the Authority for or with respect to the Authority's sewerage system (the "System") and which are presently outstanding, and (2) to pay the costs and expenses incurred by the Authority in connection with the authorization, issuance and delivery of the bonds.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 8: Warren County Municipal Utilities Authority (Cont'd)

The 2006 Bonds are general obligations of the Authority payable from revenues derived by the Authority from its ownership and operation of the sewerage system, including all service charges, fees, rents and charges and other income. Substantially all revenues are derived by imposing service charges under the terms of separate service contracts with certain customers, for sewer services provided by the Authority. The Authority also has entered into a contract (the "Deficiency Advance Contract") with the County of Warren (the "County") in which the County will pay the Authority an amount (the "Deficiency Advance") equal to the deficiency between its expenses and its revenue.

The Authority has no power to levy or to collect taxes, and the Bonds are not a debt or a liability of the County, of the State or any political subdivision thereof, except the Authority.

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	2.375%	\$ 395,000	\$ 163,950	\$ 558,950
2008	3.000%	395,000	154,569	549,569
2009	3.000%	405,000	142,719	547,719
2010	3.250%	415,000	130,569	545,569
2011	3.625%	430,000	117,081	547,081
2012	4.500%	435,000	101,493	536,493
2013	4.000%	455,000	81,919	536,919
2014	4.250%	475,000	63,719	538,719
2015	4.125%	535,000	43,531	578,531
2016	4.250%	505,000	21,462	526,462
		<u>4,445,000</u>	<u>1,021,012</u>	<u>5,466,012</u>
Less: Short-Term Portion		<u>395,000</u>	<u>163,950</u>	<u>558,950</u>
Long-Term Portion		<u>\$ 4,050,000</u>	<u>\$ 857,062</u>	<u>\$ 4,907,062</u>

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 Governmental Accounting Standards Board Deposit and Investment Risk Disclosure requires disclosure of the level of custodial credit risk assumed by the County in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk - In accordance with its cash management plan, the County ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The County limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

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 or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

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

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.

Investments:

New Jersey statutes permit the County to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2006, cash and cash equivalents of the County of Warren consisted of the following:

<u>Fund</u>	<u>Money Market</u>	<u>Checking Accounts</u>	<u>Savings Accounts</u>	<u>Certificate of Deposits</u>	<u>Total</u>
Current	\$ 1,309,641.64	\$ 5,468,582.20		\$ 14,500,000.00	\$ 21,278,223.84
Federal and State Grant	823,806.82				823,806.82
Other Trust	750,000.00	6,402,568.34	\$ 1.00	24,500,000.00	31,652,569.34
General Capital	3,191,796.04			12,100,000.00	15,291,796.04
	<u>\$ 6,075,244.50</u>	<u>\$ 11,871,150.54</u>	<u>\$ 1.00</u>	<u>\$ 51,100,000.00</u>	<u>\$ 69,046,396.04</u>

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

The carrying amount of the County's cash and cash equivalents at December 31, 2006, was \$69,046,396.04 and the bank balance was \$70,536,593.16.

Note 10: Post-Retirement Benefits

The County provides post-retirement healthcare benefits to both bargaining and non-bargaining unit employees who meet the following criteria:

Bargaining Unit Employees

Retirees - Future retirees who meet the requirements for medical benefits will receive the same benefits that were in effect at the time of their retirement. Future retirees' maximum out-of-network out-of-pocket expenses will be based on their base salary at the time they retire, until age 65. At the age of 65 the retiree will be covered by the County's retirement indemnity plan. Future retirees will carry the prescription card in effect at the time they retire, until age 65. At the age of 65 in-network prescriptions will be subject to a co-pay of \$5 for generic, \$10 for preferred, and \$15 for non-preferred. Mail order prescriptions (90 days) will be subject to co-pays of \$10/\$15/\$30. Out-of-network prescriptions will be covered by the County's Retirement Indemnity Plan. Dental coverage for future retirees will cease at age 65. *

The Employer shall pay current hospital and major medical premiums under the aforesaid policy for employees and their dependent who retire after January 1, 1975, with:

1. Twenty-five (25) years of full-time County service. Or,
2. Fifteen (15) years of full-time County service and age 62.
3. Or are separated from full-time County service on a disability pension.

Such payment shall continue until the death of an employee.

Upon the death of an employee or retired employee who is a member of the hospitalization and major medical benefits plan, (whether paid for by the Employer or the employee), the surviving spouse may continue in the plan by paying the monthly premium. If the surviving spouse shall remarry, the coverage shall cease immediately. If the surviving spouse is or shall thereafter be employed elsewhere and is covered by another medical benefits plan, the County's coverage shall cease immediately. In the event of the death of an active covered employee, the employee's surviving covered dependents shall receive six (6) additional full months of coverage paid for by County, subject to the above stated provisions regarding remarriage and coverage provided by employment elsewhere.

* Prescription co-payments are subject to future healthcare plan costs.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 10: Post-Retirement Benefits (Cont'd)

Nonbargaining Unit Employees

At the County's expense, hospitalization and major medical benefits will be provided for all full-time employees (and their eligible dependents) who retire from County employment under any of the following criteria:

1. Employees with twenty-five (25) years of full-time service.
2. Employees who have reached sixty-two (62) years of age with fifteen (15) years of full time service.
3. Employees who retire with twenty-five (25) years or more of service credit in a New Jersey State Administered Retirement System and who have reached fifty-five (55) years of age with at least fifteen (15) years of full-time service with the County of Warren at the time of retirement.
4. Employees who are separated from full-time service with the County on a disability pension (NJSA 40A:10-23). Such hospitalization and major medical benefits shall continue until the death of the employee.

Prescription coverage will also be provided at the County's expense for retirees who qualify under the aforementioned for both themselves and eligible dependents.

In the event of the death of an active Warren County employee who is receiving hospitalization and major medical benefits, the employee's surviving dependents shall receive six (6) additional full months of paid health care premiums at the expense of Warren County. The surviving spouse and other dependents of the employee may continue receiving benefits beyond that six-month period by paying the monthly premium. If the surviving spouse should remarry or become employed and is covered by another medical benefits plan, participation in the County healthcare plan shall cease immediately.

In the event of the death of a retired Warren County employee who is receiving hospitalization and major medical benefits, the surviving spouse and dependents will continue to receive benefits at the expense of the County until their death or a disqualifying event. If the surviving spouse should remarry or become employed and is covered by another medical benefits plan, participation in the County healthcare plan shall cease immediately. Should that other healthcare coverage terminate before the actual death of the surviving spouse or dependent, Warren County healthcare benefits will be reinstated upon proper notification of the County if eligible.

The County will reimburse an employee who is sixty-five (65) years of age or older for Medicare Part B premiums until the employee retires.

The County's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2006, the County had approximately 212 employees who met eligibility requirements and recognized expenses of approximately \$1,113,708.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 11: Risk Management

Warren County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through Horizon Blue Cross Blue Shield.

Property, Liability and Workers' Compensation

The County is also a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the County could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

Selected financial information for the Fund is as follows:

	<u>Statewide Insurance Fund</u>	
	<u>Dec. 31, 2005</u>	<u>Dec. 31, 2004</u>
Total Assets	<u>\$ 23,326,641</u>	<u>\$ 19,946,454</u>
Net Assets	<u>\$ 136,353</u>	<u>\$ 895,820</u>
Total Revenue	<u>\$ 21,777,999</u>	<u>\$ 18,839,604</u>
Total Expenses	<u>\$ 22,676,739</u>	<u>\$ 19,330,977</u>
Change in Net Assets for the Year Ended December 31	<u>\$ (759,467)</u>	<u>\$ (61,891)</u>
Net Asset Distribution to Participating Members	<u>\$ -0-</u>	<u>\$ -0-</u>

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 11: Risk Management (Cont'd)

Financial statements for the Fund are available at the office of the Fund's Executive Directors:

Statewide Insurance Fund
28 Columbia Turnpike
Florham Park, NJ 07932

Health Benefits Insurance

The County currently maintains medical and prescription health care insurance with Horizon Blue Cross Blue Shield of New Jersey. The County advances funds to Horizon to pay medical and prescription claims for the County. The balance of the account is in the Other Trust Fund, and is made up of money market, and certificates of deposit. The County had no encumbrances in the Hospitalization Insurance Stabilization Trust Fund as December 31, 2006.

The following is a summary of County activity and ending balance of the County's trust fund for the current and the prior year:

<u>Year</u>	<u>Insurance Premiums</u>	<u>Interest Earned</u>	<u>Claims and Administration Costs</u>	<u>Ending Balance</u>
2004	\$ 11,487,376.82	\$ 74,145.32	\$ 9,907,732.49	\$ 4,659,574.38
2005	12,188,633.25	136,135.97	10,622,957.82	6,361,385.78
2006	13,654,599.92	312,963.50	13,725,722.35	6,603,226.85

New Jersey Unemployment Compensation Insurance

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State.

The following is a summary of County and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the County's trust fund for the current and previous two years:

<u>Year</u>	<u>County Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2004	\$ 32,748.39	\$ 35,642.76	\$ 1,185.41	\$ 97,813.80	\$ 74,924.18
2005	48,858.05	32,011.13	2,885.48	93,361.46	65,317.38
2006	39,754.72	45,432.99	3,206.55	97,493.39	56,218.25

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
 (Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2006:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current		\$ 542,035.00
Federal and State Grant	\$ 542,035.00	
	<u>\$ 542,035.00</u>	<u>\$ 542,035.00</u>

The interfund payable in the Current Fund consists of a grant collected in 2006 which was not deposited into the Federal and State Grant Fund. The most significant interfund activity during the year relates to interest earned in the General Capital Fund due to the Current Fund.

Note 13: Contingencies

The County is periodically involved in lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the County's financial position as of December 31, 2006.

Amounts received or receivable from grantors, principally the federal and state governments are, subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the County as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although County officials expect such amounts, if any, to be immaterial.

Note 14: Encumbrances Payable

Encumbrances payable existed in the following funds as of December 31, 2006:

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
Current Fund	\$ 1,740,713.48	\$ 1,352,095.51
Federal and State Grant Fund	3,113,331.63	2,766,535.65
General Capital Fund	4,388,478.52	2,971,831.67
Trust Fund	7,704,979.49	6,268,922.89

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 15: County Tax Calendar

County taxes are billed approximately two months prior to the respective due dates to the municipalities in the County. The first three quarterly billings are based on an estimate of the current year's levy based on the prior year's taxes. These three quarterly billings are due February 15th, May 15th and August 15th. The fourth quarter's billing reflects an adjustment to the current year's actual levy and is due November 15th.

Note 16: Related Party Transactions

During the years ended December 31, 2006 and 2005, the County of Warren provided financial support for current operations to the following component units:

	December 31,	
	2006	2005
Warren County Community College	\$ 2,180,243.00	\$ 2,106,515.00
Warren County Vo-Tech	3,942,578.00	3,846,060.00
	\$ 6,122,821.00	\$ 5,952,575.00

Note 17: Deferred Compensation

The Township offers its employees a choice of the following deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows:

- Nationwide Retirement Solutions

Note 18: Accounts Payable

Payables were as follows:

	2006	2005
General Fund:		
Outside Agency Fees Payable	\$ 84,339.46	\$ 269,138.30

Note 19: Open Space Trust Reserve

The County of Warren established an Open Space Trust Fund in 1993. The County has levied a tax equal to two cents per \$100 of total County equalized real property valuation from 1993 to 1998, four cents per \$100 from 1999 to 2001 and six cents per \$100 from 2002 to 2006. The intention of the County is to use this funding to offset the debt issued to acquire open space property in the County. The funds are being held in the Open Space Fund Reserve on the Other Trust Funds balance sheet.

COUNTY OF WARREN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 20: Economic Dependency

The County receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the County's programs and activities.

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COUNTY OF WARREN

SUPPLEMENTARY DATA

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COUNTY OF WARREN
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2006

The following officials were in office at December 31, 2006:

<u>Name</u>	<u>Title</u>	<u>Bond Amount</u>
Everett Chamberlain	Director - Board of Chosen Freeholders	
John DiMaio	Deputy Director - Board of Chosen Freeholders	
Richard D. Gardner	Member - Board of Chosen Freeholders	
Steve Marvin	County Administrator	(a)
Charles Houck	Chief Financial Officer	\$1,500,000(b)
Joseph Bell	County Counsel	
David Hicks	County Engineer	
Terrance D. Lee	County Clerk	\$50,000(b)
Patricia Kolb	Deputy County Clerk	\$50,000(b)
Susan Dickey	Surrogate	\$50,000(b)
Elizabeth Long	Deputy Surrogate	\$50,000(b)
Salvatore Simonetti	Sheriff	\$50,000(b)
Vera L Bunn	Undersheriff	(a)

(a) Included in blanket bond covering other County employees. Issued by Selective Way Insurance Company

(b) Insured by Selective Way Insurance Company

All of the bonds were examined and determined to be properly executed.

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COUNTY OF WARREN

CURRENT FUND

2006

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COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2005	A	\$ 18,872,776.05
Increased by Receipts:		
County Taxes Receivable	\$ 60,036,930.00	
Nonbudget Revenue	2,608,757.47	
Revenue Accounts Receivable	31,038,540.99	
Appropriation Refunds	141,572.78	
Due from General Capital Fund	981,684.82	
Due from Regular Trust Fund - Prior Year Interfund	4,194.70	
Due from Other Trust Fund - Prior Year Interfund	100,945.04	
Due from Federal and State Grant Fund - Prior Year Interfund	2,980.72	
Grant Receipt - Due Federal and State Grant Fund	542,035.00	
Fees Collected Due to Other Agencies	84,339.46	
	<hr/>	95,541,980.98
		<hr/>
		114,414,757.03
Decreased by Disbursements:		
2006 Budget Appropriations	89,254,103.07	
2005 Appropriation Reserves	3,606,819.91	
Due Federal and State Grant Fund	6,471.91	
Fees Paid to Other Agencies	269,138.30	
	<hr/>	93,136,533.19
		<hr/>
		93,136,533.19
Balance December 31, 2006	A	<u>\$ 21,278,223.84</u>

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2005	A	\$ 3,530,987.31
Increased by Receipts:		
Federal Grant Receipts	\$ 7,266,085.82	
State Grant Receipts	4,161,497.75	
Due Current Fund:		
Net Cancellation of Receivables and Reserves	6,471.91	
		11,434,055.48
		14,965,042.79
Decreased by Disbursements:		
Federal Grant Fund Expenditures	10,459,776.47	
State Grant Fund Expenditures	3,678,478.78	
Due Current Fund:		
Prior Year Interfund Returned	2,980.72	
		14,141,235.97
Balance December 31, 2006	A	\$ 823,806.82

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF COUNTY TAXES RECEIVABLE

	Balance Dec. 31, 2005	2006 Tax Levy	Added & Omitted Taxes	Cash Received	Balance Dec. 31, 2006
Allamuchy Township	\$ 66,935.21	\$ 3,031,626.98	\$ 41,343.05	\$ 3,139,905.24	
Alpha Borough		1,054,025.24	72,658.33	1,126,683.57	
Town of Belvidere		1,184,125.25	3,363.58	1,187,488.83	
Blairstown Township		4,080,510.16	79,143.59	4,159,653.75	
Franklin Township	32,261.78	2,136,547.34	36,969.25	2,168,809.12	\$ 36,969.25
Frelinghuysen Township	20,066.67	1,427,768.82	63,343.83	1,511,179.32	
Greenwich Township		3,936,536.74	41,695.23	3,978,231.97	
Town of Hackettstown	39,867.68	4,416,191.34	67,025.11	4,456,059.02	67,025.11
Hardwick Township		1,103,040.24	34,967.70	1,138,007.94	
Harmony Township	36,203.19	3,401,565.05	52,734.22	3,437,768.24	52,734.22
Hope Township	12,096.70	1,283,479.45	26,561.91	1,295,576.15	26,561.91
Independence Township		3,380,720.77	20,299.48	3,401,020.25	
Knowlton Township		4,515,408.99	79,321.28	4,594,730.27	
Liberty Township		3,382,113.29	23,557.83	3,405,671.12	
Lopatcong Township	125,943.58	3,892,576.14	65,518.92	4,074,295.44	9,743.20
Mansfield Township	14,589.49	2,609,450.84	46,862.10	2,624,040.33	46,862.10
Oxford Township		2,107,563.30	18,152.95	2,125,716.25	
Town of Phillipsburg	10,731.94	4,492,782.04	17,741.02	4,503,513.98	17,741.02
Pohatcong Township		1,061,781.05	6,225.38	1,068,006.43	
Washington Borough		4,141,414.70	11,848.04	4,153,262.74	
Washington Township	139,077.55	1,632,227.23	90,569.84	1,861,874.62	
White Township	73,074.24	1,765,475.04	96,552.32	1,935,101.60	
	<u>\$ 570,848.03</u>	<u>\$ 60,036,930.00</u>	<u>\$ 996,454.96</u>	<u>\$ 61,346,596.18</u>	<u>\$ 257,636.81</u>
Ref. \ A					\ A
2005 Added & Omitted Taxes				\$ 570,848.03	
2006 Added & Omitted Taxes				\ 738,818.15	
				1,309,666.18	
2006 County Taxes				\ 60,036,930.00	
				<u>\$ 61,346,596.18</u>	
Added and Omitted Taxes Receivable					<u>\$ 257,636.81</u>

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2006

	<u>Accrued In</u> <u>2006</u>	<u>Received</u>
County Clerk:		
Fees	\$ 2,473,019.47	\$ 2,473,019.47
County Surrogate:		
Fees	131,290.49	131,290.49
County Sheriff:		
Fees	285,069.55	285,069.55
Fines:		
Other	11,403.14	11,403.14
Interest on Investments and Deposits	1,105,917.59	1,105,917.59
Election Expenses Reimbursed by		
Municipalities	143,504.65	143,504.65
Motor Vehicle Fines	622,588.90	622,588.90
Fees From Public Health Nursing		
Agency	1,350,000.00	1,350,000.00
Revenue for Housing State Inmates in the		
County Correctional Center	235,308.67	235,308.67
Public Health Nursing Trust	1,300,000.00	1,300,000.00
Bail Bond Forfeitures	21,328.81	21,328.81
Medicaid Peer Grouping (PL 1985, Ch 474)	1,626,703.00	1,626,703.00
Boarding Out-of-County Youth - Warren		
County Juvenile Retention & Rehabilitation Center	262,053.49	262,053.49
School Election Expenses Reimbursed by		
Each School Board District	56,654.30	56,654.30
State Aid - County College Bonds (NJSA 18A:64A-22.6)	207,407.50	207,407.50
Permanent Disability - Patients in County		
Institutions (NJSA 44:77-38 et seq.)	11,745,197.78	11,745,197.78
Aging CCPED Medicaid Reimbursement	282,045.00	282,045.00
DCA Reimbursement - Prosecutor Salaries	41,000.00	41,000.00
Department of Human Services, Division of		
Temporary Assistance and Social Services	2,850,069.21	2,850,069.21
Social and Welfare Services (c.66 PL 1990):		
Division of Youth and Family Services	308,765.00	308,765.00
Supplemental Social Security Income	149,748.88	149,748.88
Psychiatric Facilities (c.73 PL 1990):		
Maintenance of Patients in State Institutions		
for Mental Diseases	2,419,158.00	2,419,158.00
Maintenance of Patients in State Institutions		
for Mental Retarded	2,363,034.00	2,363,034.00
State Psychiatric Hospitals	30,662.24	30,662.24
Open Space Tax Fund	1,016,611.32	1,016,611.32
	<u>\$ 31,038,540.99</u>	<u>\$ 31,038,540.99</u>

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF FEDERAL GRANT FUNDS RECEIVABLE

	2006		Balance Dec. 31, 2005	2006 Revenue Realized	Received	Balance Canceled	Balance Dec. 31, 2006
	Balance Dec. 31, 2005	Revenue Realized					
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:							
N.J. Dept. of Community Affairs							
Special Programs for Aging - Title III - Area Plan:							
#03-1394	\$ 3,301.63		\$ 3,301.63				\$ 3,301.63
#05-1394	599,955.80		599,955.80	542,465.90			57,489.90
#06-1394		1,011,245.00		712,645.00			298,600.00
Community Development Block Grant #06-3480-00		500,000.00		500,000.00			
Bioterrorism Preparedness & Response:							
#04-1166-BT-L-2	1.18		1.18				
#05-1166-BT-L-3	141,638.24		141,638.24				62,376.65
#06-1166-BT-L-3	434,459.00		434,459.00	372,082.35			90,251.00
#06-1166-BT-L3		90,251.00					497,039.00
#07-1166-BT-L2		497,039.00					2,000.00
Consolidated Forest Management		2,000.00					
U.S. DEPARTMENT OF JUSTICE:							
N.J. Dept. of Law & Public Safety:							
Division of Criminal Justice:							
Juvenile Accountability Incentive Block Grant:							
JAIBG-04-21	6,871.00		6,871.00				7,902.00
JAIBG-05-21		7,902.00					
Local Law Enforcement Block Grant - Megan's Law		3,962.00		3,962.00			
Local Law Enforcement Block Grant - Megan's Law		5,943.00		5,943.00			
Megan's Law Internet Registry		7,740.00					7,740.00
Crime Victim Assistance:							
#V-21-04	60,502.98		60,502.98	41,471.42			19,031.56
#V-07-05		166,395.00		117,085.86			49,309.14
Multi-jurisdictional Narcotics Task Force		87,110.00		87,110.00			
Sexual Assault Nurse Examiner's Project:							
2005	7,894.95		7,894.95	5,475.48			2,419.47
2006		81,994.00		73,532.03			8,461.97
2006 - Prosecutors		81,744.00					81,744.00
Community Orientated Policing Services (COPS) - Grant Administration							
Law Enforcement Technology Grant		148,084.00					148,084.00
U.S. DEPT. OF HOMELAND SECURITY:							
Homeland Security Grant							
Homeland Security Grant - 2005	752,381.38		752,381.38	728,601.80			278,363.00
Homeland Security Grant - 2005 HSGP	538,263.00		538,263.00	41,655.91			23,779.58
Regional Radio Inoperability Initiative	454,000.00		454,000.00	299,019.81			496,607.09
Homeland Security Grant Phase II	48,655.66		48,655.66				154,980.19
FEMA Reimbursement County Property - Hurricane Ivan Damage		42,678.91		42,678.91			48,655.66

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF FEDERAL GRANT FUNDS RECEIVABLE
(Continued)

	Balance Dec. 31, 2005	2006 Revenue Realized	Received	Balance Canceled	Balance Dec. 31, 2006
U.S. DEPARTMENT OF TRANSPORTATION:					
N.J. Dept. of Law & Public Safety:					
Division of Highway Traffic Safety:					
Summer Internship #RS03-57-01-05	\$ 1,488.18			\$ 1,488.18	
Summer Internship #RS03-57-01-06		\$ 18,256.00	\$ 17,889.00	367.00	
Stop Sign Reflective Panels	1,290.00			1,290.00	
Division of Local Government Services & Economic Development:					
Safety Improvements-Various County Roads - 2002					
NJ Transit 5311 - 2004	34,899.09		91,019.51	34,899.09	
NJ Transit 5311 - 2005	98,118.31			7,098.80	
NJ Transit 5311 - 2006	200,705.53		200,705.53		
Route 57 Shuttle Transportation - Job Access 2005		241,860.00			\$ 241,860.00
2006	105,358.08				
Sign Management					
D.O.T. Route 604 - 1999	20,465.02	217,670.00	105,358.08		113,667.59
D.O.T. Route 604 - 2000	112,500.00		104,002.41		103.99
D.O.T. Bridge Improvements 2101202	112,500.00		20,361.03		
D.O.T. Bridge Improvements 2101202 - 2005	20,430.86		112,500.00		
D.O.T. Bridge Improvements 2102215	59,839.00		112,500.00		
D.O.T. County Route 626	130,549.42		20,430.86		42,166.51
D.O.T. County Route 623	250,000.00		17,672.49		40,879.48
D.O.T. - Improvement to Strykers Road		478,000.00	89,669.94		250,000.00
D.O.T. Highway Improvements		3,638,152.00	1,375,737.08		478,000.00
D.O.T. Capital Transportation Program		1,276,000.00	1,276,000.00		2,282,414.92
	\$ 4,446,068.31	\$ 8,902,388.91	\$ 7,266,085.82	\$ 115,249.76	\$ 5,967,121.64

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COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF STATE GRANT FUNDS RECEIVABLE

	Balance Dec. 31, 2005	2006 Revenue		Received	Balance Canceled	Balance Dec. 31, 2006
		Realized	Unrealized			
<u>NI DEPARTMENT OF HEALTH AND SENIOR SERVICES:</u>						
Prevention Oriented System for Child Health Care (P.O.R.S.C.H.E):						
#GA-06-141-CHS-L-3	\$ 83,210.00	\$ 1,664.00	\$	78,210.00		\$ 6,664.00
#GA-07-205-CHS-L-0		41,605.00		20,803.00		20,802.00
Part H - Early Intervention Service Coordination:						
#05-370-EIP-L-2	7,489.00				\$ 7,489.00	
#06-370-EIP-L-3	157,846.00	4,000.00		148,352.00	13,494.00	
#07-295-SCH-L-0		209,854.00				209,854.00
Right to Know:						
2005	2,305.00			2,305.00		
2006		9,220.00		4,610.00		4,610.00
New Jersey Ease - Aging and Disability Resource Center Comprehensive Program for Planning and Provision of Alcoholism and Abuse Services:	39,900.00			39,900.00		
2005	107,080.00			107,080.00		
2006		228,876.00		76,570.00		152,306.00
<u>NI DEPARTMENT OF MILITARY & VETERAN AFFAIRS:</u>						
Veterans Transportation #VL06T21	4,668.00			4,668.00		4,668.00
Veterans Transportation #VL07T21		7,000.00		2,332.00		
<u>NI DEPARTMENT OF THE TREASURY:</u>						
Governor's Council on Alcoholism & Drug Abuse:						
Municipal Alliance to Prevent Alcoholism & Drug Abuse:						
2005	87,595.24			87,595.24		
2006		150,428.00		78,823.26		71,604.74

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF STATE GRANT FUNDS RECEIVABLE
(Continued)

	Balance Dec. 31, 2005	2006 Revenue Realized	Received	Balance Canceled	Balance Dec. 31, 2006
<u>NI DEPARTMENT OF LAW & PUBLIC SAFETY:</u>					
Juvenile Justice Commission:					
State/Community Partnership Program:					
2005	\$ 71,697.00	\$ 291,694.00	\$ 71,697.00		\$ 170,566.00
2006			121,128.00		
State Facilities Education Act:					
2005	49,500.00	18,000.00	49,500.00		9,000.00
2006			9,000.00		
Office Of the Attorney General:					
Attorney Identification Program		11,000.00	10,246.23		753.77
Division of Criminal Justice:					
Office of Insurance Fraud:					
2005	15,331.00		15,331.00		
2006		63,718.00	46,073.00		17,645.00
Local Law Enforcement Block Grant #LLE-44-04	2,320.00		2,320.00		
<u>NI DEPARTMENT OF HUMAN SERVICES:</u>					
Division of Youth & Family Services:					
Personal Attendant Services Program		123,232.00	123,232.00		
Title XX Coalition #06ALWN		291,038.00	283,230.00		7,808.00
Task Force on Child Abuse and Neglect:					
Child Advocacy Center Development		23,922.00	23,922.00		
Adult Protective Services		25,839.00	25,839.00		
Division of Family Development:					
Family Development Program:				\$ 4,740.00	
#F1WZ3N	4,740.00				
#GA0321	20,066.00				20,066.00
#T506021		161,765.00	161,765.00		
#T507021		157,741.00	105,871.00		51,870.00
Social Services for the Homeless:					
2005		88,620.00	40,559.00	172.00	
2006			79,920.00		8,700.00
Food Stamp Program and Outreach	38,614.00		38,395.00	219.00	

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF STATE GRANT FUNDS RECEIVABLE
(Continued)

	Balance Dec. 31, 2005	2006 Revenue Realized	Received	Balance Canceled	Balance Dec. 31, 2006
<u>NJ DEPARTMENT OF COMMUNITY AFFAIRS:</u>					
Handicapped Person's Recreational Opportunities Act:					
2005	\$ 12,285.00	\$	12,285.00		
2006		13,250.00	4,637.50		\$ 8,612.50
Aging and Disability Resource Center	14,462.00		14,462.00		
<u>NJ HISTORIC TRUST:</u>					
Historical Commission:					
General Operating Support	4,600.00		4,600.00		
2005		23,000.00	18,400.00		4,600.00
2006					
<u>NJ TRANSIT CORPORATION:</u>					
Senior Citizen & Disabled Residents Transportation:					
NJ Transit - Section 5311 - 2004	39,549.24			\$ 39,549.24	77,570.49
NJ Transit - Section 5311 - 2005	100,381.86		23,011.37		115,740.00
NJ Transit - Section 5311 - 2006		115,740.00			
Disabled Resident Transportation Assistance Program		584,499.45	290,344.48		294,154.97
NJ Transit - 2005	238,477.84		238,477.84		
NJ Transit - Route 57 Shuttle		87,068.00	87,068.00		
<u>NJ STATE COUNCIL ON THE ARTS:</u>					
Council on the Arts - 2005	8,625.00		8,625.00		
Council on the Arts - 2006	2,835.00	95,060.00	71,295.00		23,765.00
Special Project Support GA #0510X030168			2,835.00		
Local Arts Program:					
#GA0513A060013	24,062.00		24,062.00		

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF STATE GRANT FUNDS RECEIVABLE
(Continued)

	Balance Dec. 31, 2005	2006 Revenue Realized	Received	Balance Cancelled	Balance Dec. 31, 2006
<u>NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION:</u>					
County Environmental Health Act (CEHA):					
2005	\$ 299,088.37		\$ 46,088.37		\$ 253,000.00
2006		\$ 144,704.00	98,115.84		46,588.16
Clean Communities Program		40,858.12	40,858.12		2,500.00
Stormwater Regulation Program	5,000.00		2,500.00		57,000.00
Highlands Council Grant 06-033-04-2100					
<u>NJ DEPARTMENT OF AGRICULTURE:</u>					
Agriculture Research Project #ME351382	0.50		0.50		
<u>NJ DIVISION OF ARCHIVES AND RECORD MANAGEMENT:</u>					
Public Archives and Records Infrastructure Support Grant (PARIS)					
2005	457,864.00		73,585.00		384,279.00
2006		893,300.00	446,650.00		446,650.00
<u>NJ OFFICE OF EMERGENCY TELECOMMUNICATIONS SERVICE:</u>					
Enhanced 911 Consolidation Grant - Equipment		518,000.00	518,000.00		
Enhanced 911 Consolidation Grant - Consolidation		189,000.00	189,000.00		
General Assistance Grant		87,320.00	87,320.00		
<u>N.J. DEPARTMENT OF LABOR PASSED THROUGH MORRIS/SUSSEX/WARREN WORKFORCE INVESTMENT BOARD:</u>					
Employment and Training Services for Early Employment Initiative	17,751.00				17,751.00
2005		6,000.00			6,000.00
2006					
	<u>\$ 1,958,074.05</u>	<u>\$ 4,764,015.57</u>	<u>\$ 4,161,497.75</u>	<u>\$ 65,663.24</u>	<u>\$ 2,494,928.63</u>
Ref.	A				A

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF 2005 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2006

	<u>Balance</u> <u>Dec. 31, 2005</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
<i>Administrative and Executive:</i>				
<i>Personnel Department:</i>				
Salaries and Wages	\$ 13,580.91	\$ 13,580.91	\$ 13,247.39	\$ 333.52
Other Expenses	40,896.68	40,896.68	6,782.28	34,114.40
<i>Board of Chosen Freeholders:</i>				
Salaries and Wages	2,401.50	2,401.50	2,399.98	1.52
Other Expenses	23,703.11	23,703.11	7,563.16	16,139.95
<i>County Clerk:</i>				
Salaries and Wages	23,099.51	23,099.51	21,089.46	2,010.05
Other Expenses	44,155.91	44,155.91	29,031.11	15,124.80
<i>General Administration (Includes Purchasing) :</i>				
Salaries and Wages	21,631.24	21,631.24	18,406.98	3,224.26
Other Expenses	32,653.04	32,653.04	3,504.45	29,148.59
<i>Treasurer's Office:</i>				
Salaries and Wages	22,082.21	122,082.21	120,871.13	1,211.08
Other Expenses	8,215.24	8,215.24	2,249.26	5,965.98
<i>Information System Division:</i>				
Salaries and Wages	4,492.43	4,492.43	3,552.31	940.12
Other Expenses	252,053.33	252,053.33	155,468.66	96,584.67
<i>Board of Taxation:</i>				
Salaries and Wages	5,816.40	5,816.40	4,359.29	1,457.11
Other Expenses	9,140.93	9,140.93	3,302.37	5,838.56
<i>Board of Elections:</i>				
Salaries and Wages	5,095.18	9,095.18	8,627.03	468.15
Other Expenses	8,203.95	8,203.95	419.04	7,784.91
<i>County Counsel:</i>				
Salaries and Wages	36,239.84	36,239.84	34,618.98	1,620.86
Other Expenses	3,990.12	16,990.12		16,990.12
<i>County Surrogate:</i>				
Salaries and Wages	13,644.39	13,644.39	11,879.42	1,764.97
Other Expenses	8,253.11	8,253.11	6,352.39	1,900.72
<i>County Adjuster:</i>				
Salaries and Wages	26,088.51	26,088.51	5,153.84	20,934.67
Other Expenses	3,681.04	3,681.04	3,216.98	464.06
<i>Economic Development and Tourism:</i>				
Salaries and Wages	7,392.12	7,392.12	6,070.60	1,321.52
Other Expenses	268.45	3,773.45	3,773.45	

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF 2005 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2006
(Continued)

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT (cont'd):				
Cultural and Heritage Commission:				
Salaries and Wages	\$ 3,593.73	\$ 3,593.73	\$ 3,066.48	\$ 527.25
Other Expenses	3,590.55	3,590.55	2,358.35	1,232.20
Utilities Expense and Bulk Purchases:				
Electricity	75,434.78	75,434.78	55,653.31	19,781.47
Telephone	30,776.89	44,776.89	32,420.74	12,356.15
Water	15,376.58	15,376.58	9,761.52	5,615.06
Fuel Oil	30,519.05	62,019.05	54,537.11	7,481.94
Sewerage Processing and Disposal	2,114.51	2,114.51	562.90	1,551.61
Gasoline	17,091.52	42,091.52	41,449.64	641.88
Total General Government	<u>795,276.76</u>	<u>986,281.76</u>	<u>671,749.61</u>	<u>314,532.15</u>
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	28,287.81	28,287.81	20,750.30	7,537.51
Other Expenses	37,898.68	37,898.68	31,741.72	6,156.96
Total Land Use Administration	<u>66,186.49</u>	<u>66,186.49</u>	<u>52,492.02</u>	<u>13,694.47</u>
CODE ENFORCEMENT AND ADMINISTRATION:				
Weights and Measures:				
Salaries and Wages	7,476.89	8,476.89	7,727.17	749.72
Other Expenses	1,522.57	1,522.57	37.60	1,484.97
Total Code Enforcement and Administration	<u>8,999.46</u>	<u>9,999.46</u>	<u>7,764.77</u>	<u>2,234.69</u>
INSURANCES:				
Insurance (Cl. 3, PL 1986):				
Insurance on Buildings and Motor Vehicles and Surety Bond Premiums				
	123,611.69	123,611.69	5,034.74	118,576.95
Group Insurance Plan for Employees				
	33,203.30	33,203.30	938.40	32,264.90
Total Insurances	<u>156,814.99</u>	<u>156,814.99</u>	<u>5,973.14</u>	<u>150,841.85</u>
PUBLIC SAFETY:				
Administration:				
Salaries and Wages	11,705.33	11,705.33	10,630.09	1,075.24
Other Expenses	4,508.65	4,508.65	1,585.15	2,923.50
Communications Center:				
Salaries and Wages	188,027.10	188,027.10	70,713.09	117,314.01
Other Expenses	115,092.90	115,092.90	26,289.04	88,803.86
Office of Emergency Management:				
Salaries and Wages	5,451.82	5,451.82	4,227.47	1,224.35
Other Expenses	6,948.08	6,948.08	2,107.63	4,840.45
Volunteer Fire Companies Instruction & Emergency Squads (N.J.S.A. 40:23-8.9):				
Other Expenses	44,791.57	44,791.57	35,627.09	9,164.48
Volunteer Ambulance Squads Program Operating Support (N.J.S.A. 40:23-8.9):				
Other Expenses	4,000.00	4,000.00	1,000.00	3,000.00

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF 2005 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2006
(Continued)

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (cont'd):				
Prosecutor's Office:				
Salaries and Wages	\$ 87,003.86	\$ 87,003.86	\$ 81,321.36	\$ 5,682.50
Other Expenses	37,134.98	37,134.98	16,812.91	20,322.07
Sheriff's Office:				
Salaries and Wages	94,776.63	94,776.63	87,845.79	6,930.84
Other Expenses	29,682.83	29,682.83	14,726.47	14,956.36
Medical Examiner:				
Other Expenses	0.04	0.04		0.04
Juvenile Retention and Rehabilitation Center:				
Salaries and Wages	138,377.51	138,377.51	46,620.56	91,756.95
Other Expenses	30,798.76	30,798.76	8,747.38	22,051.38
Jail:				
Salaries and Wages	270,388.89	270,388.89	180,950.17	89,438.72
Other Expenses	137,212.26	137,212.26	101,847.41	35,364.85
Total Public Safety	<u>1,205,901.21</u>	<u>1,205,901.21</u>	<u>691,051.61</u>	<u>514,849.60</u>
PUBLIC WORKS:				
Roads:				
Salaries and Wages	109,696.15	249,696.15	249,619.96	76.19
Other Expenses	157,063.34	180,063.34	178,476.12	1,587.22
Bridges:				
Salaries and Wages	28,114.50	28,114.50	24,847.92	3,266.58
Other Expenses	29,376.37	29,376.37	26,502.03	2,874.34
Buildings and Grounds:				
Salaries and Wages	162,053.44	162,053.44	49,387.47	112,665.97
Other Expenses	86,583.89	86,583.89	70,301.05	16,282.84
Recycling:				
Other Expenses	7,592.19	7,592.19		7,592.19
Shade Tree Commission:				
Other Expenses	1,195.35	1,195.35	794.34	401.01
Engineers:				
Salaries and Wages	37,381.87	37,381.87	29,429.21	7,952.66
Other Expenses	1,230.09	1,230.09	732.77	497.32
Total Public Works	<u>620,287.19</u>	<u>783,287.19</u>	<u>630,090.87</u>	<u>153,196.32</u>
HEALTH AND HUMAN SERVICES:				
County Health Service - Interlocal Agreement (N.J.S.A. 40:8A-1):				
Salaries and Wages	106,028.52	135,028.52	85,130.49	49,898.03
Other Expenses	122,985.95	122,985.95	20,617.92	102,368.03
Center on Aging:				
Salaries and Wages	10,923.64	17,123.64	16,302.00	821.64
Other Expenses	26,029.50	26,029.50	20,113.04	5,916.46
Nutrition Program:				
Salaries and Wages	23,104.12	23,104.12	368.10	22,736.02
Other Expenses	115,524.27	115,524.27	32,640.22	82,884.05
Warren Haven:				
Salaries and Wages	321,199.42	386,199.42	353,958.80	32,240.62
Other Expenses	246,202.24	246,202.24	182,873.23	63,329.01
County Youth Shelters:				
Other Expenses	36,828.40	36,828.40	19,812.80	17,015.60

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF 2005 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2006
(Continued)

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
HEALTH AND HUMAN SERVICES (cont'd):				
Mental Health Administration:				
Salaries and Wages	\$ 44,264.11	\$ 44,264.11	\$ 16,074.71	\$ 28,189.40
Other Expenses	343,954.75	343,954.75	5,615.00	338,339.75
County Welfare Board:				
Salaries and Wages	117,626.58	261,626.58	204,301.03	57,325.55
Other Expenses	73,779.01	73,779.01	22,340.07	51,438.94
Human Services Programs (N.J.S.A. 30:14-11)	52,569.00	52,569.00	52,569.00	
Human Services Programs (N.J.S.A. 40:23-8.14)	18,729.25	18,729.25	18,729.25	
Health and Human Services (N.J. S.A. 30:4D-6.9)	44,203.00	44,203.00	44,203.00	
Medical/Health Services Programs (N.J.S.A. 40:13-2)	388.00	388.00	388.00	
Adult Mental Health Services (N.J.S.A. 40:5-2.9 and 30:9A-1)	133,900.00	133,900.00	133,900.00	
Youth Services (N.J.S.A. 40:5-2.9)	51,803.95	51,803.95	51,803.95	
Substance Abuse Services (N.J.S.A. 30:9-12.16)	33,774.75	33,774.75	31,117.75	2,657.00
Total Health and Human Services	<u>1,923,818.46</u>	<u>2,168,018.46</u>	<u>1,312,858.36</u>	<u>855,160.10</u>
PARKS AND RECREATION:				
War Veteran's Burial and Grave Decorations:				
Salaries and Wages	1,280.25	1,280.25	476.26	803.99
Other Expenses	1,289.09	1,289.09	600.00	689.09
Total Parks and Recreation	<u>2,569.34</u>	<u>2,569.34</u>	<u>1,076.26</u>	<u>1,493.08</u>
EDUCATION:				
Reimbursement for Residents Attending Out-of-County Two-Year Colleges (N.J.S.A. 18A:64A-23):				
Other Expenses	93,044.31	93,044.31	255.09	92,789.22
County Extension Service - Farm and Home:				
Salaries and Wages	9,756.37	9,756.37	8,814.88	941.49
Other Expenses	33,677.36	33,677.36	10,317.02	23,360.34
Reimbursement for Residents Attending Out-of-County Vocational Schools (N.J.S.A. 18A:54-23.4):				
Other Expenses	5,000.00	5,000.00		5,000.00
Office of County Superintendent of Schools:				
Salaries and Wages	6,429.21	6,429.21	3,994.88	2,434.33
Other Expenses	4,644.58	4,644.58	468.20	4,176.38
Special Schools Services:				
Other Expenses	91,818.00	91,818.00	91,817.00	1.00
Total Education	<u>244,369.83</u>	<u>244,369.83</u>	<u>115,667.07</u>	<u>128,702.76</u>

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF 2005 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2006
(Continued)

	Balance Dec. 31, 2005	Balance After Transfers	Paid or Charged	Balance Lapsed
OTHER OPERATING FUNCTIONS:				
Provision for Salary Adjustments and New Employees				
Training - County Employees	\$ 816,955.00	\$ 217,750.00		\$ 217,750.00
Total Other Operating Functions	816,955.00	217,750.00		217,750.00
Matching Funds for Grants	941.00	941.00	\$ 941.00	
Contingent	5,000.00	5,000.00		5,000.00
Subtotal	5,847,119.73	5,847,119.73	3,489,664.71	2,357,455.02
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	152,398.21	152,398.21	104,632.41	47,765.80
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	89,141.95	89,141.95	12,522.79	76,619.16
Total Deferred Charges and Statutory Expenditures	241,540.16	241,540.16	117,155.20	124,384.96
Total General Appropriations	\$ 6,088,659.89	\$ 6,088,659.89	\$ 3,606,819.91	\$ 2,481,839.98
<u>Balance December 31, 2005:</u>				
Unencumbered		\$ 4,736,564.38		
Encumbered		1,352,095.51		
		\$ 6,088,659.89		

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COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL GRANT FUND EXPENDITURES

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Unexpended Balance Cancelled	Encumbrances Cancelled	Expenditures		Balance Dec. 31, 2006
						Paid or Charged	Encumbrances	
<u>U.S. DEPT. OF HEALTH & HUMAN SERVICES:</u>								
<u>N.J. Dept. of Community Affairs:</u>								
Title III - Aging - Area Plan Grant:								
#03-1394	\$ 31,340.67	\$ 1,915.00				\$	\$ 1,915.00	\$ 31,340.67
#04-1394	30,287.47							30,287.47
#05-1394	119,267.94	6,540.22				\$	55.00	19,099.18
#06-1394			\$ 1,011,245.00				19,009.92	156,312.22
Bioterrorism Preparedness and Response:								
#05-1166-BT-L-3	14.00	262.50					276.50	
#06-1166-BT-L-3	349,338.23	530.95	90,251.00				413,044.53	1,653.05
#07-1166-BT-L-2			497,039.00				47,932.04	449,091.02
Consolidated Forest Management			2,000.00					2,000.00
<u>U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT:</u>								
Community Development Block Grant			500,000.00				500,000.00	
<u>U.S. DEPT. OF JUSTICE:</u>								
<u>N.J. Dept. of Law and Public Safety:</u>								
Division of Criminal Justice:								
Crime Victim Assistance:								
#V-21-04	58,098.86	269.36		\$ 19,031.56			39,336.66	43,030.34
#V-07-05			166,395.00				119,204.97	
Multi-Jurisdictional Narcotics Task Force:								
# DE 2-21-04			87,110.00				87,110.00	
Local Law Enforcement Block Grant - Megan's Law			3,962.00				3,962.00	
Local Law Enforcement Block Grant - Megan's Law			5,943.00					5,943.00
Megan's Law Internet Registry			7,740.00					7,740.00
Sexual Assault Nurse Examiner's Program:								
2005	2,449.47	117.79		2,419.47			147.79	
2006			81,994.00				75,730.31	6,248.51
2006 - Prosecutors			81,744.00				6,440.98	75,242.68
Juvenile Accountability Block Grant:			7,902.00				5,898.00	2,004.00
JAIBG-05-21			148,084.00				8,118.00	148,084.00
Community Orientated Policing Services (COPS) - Grant Administration:								
Law Enforcement Technology Grant	31.00	8,087.00						
CBRNE Training Manuals								

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Unexpended Balance Cancelled	Encumbrances Cancelled	Expenditures		Balance Dec. 31, 2006
						Paid or Charged	Encumbrances	
U.S. DEPT. OF HOMELAND SECURITY:								
Homeland Security Grant - 2005	\$ 217,340.48	\$ 413,378.20				\$ 606,939.10		\$ 23,779.58
Homeland Security Grant - 2005 HSGP	395,846.23	114,047.22				138,620.93	\$ 151,353.07	219,919.45
Homeland Security Grant - 2006			\$ 278,363.00			44,886.87		233,476.13
Community Emergency Response Team (CERT) 2004	694.03					694.03		
Community Emergency Response Team (CERT) 2005	66.22					66.22		
Regional Radio Inoperability Initiative	454,000.00					299,019.83	96,375.00	58,605.17
Homeland Security Grant Phase II	48,585.66			\$ 48,655.66	\$ 70.00			
FEMA Reimbursement County Property - Hurricane Ivan Damage								
2005	623,045.57	1,321.20	42,678.91			516,165.19	106,063.59	2,137.99
2006						25,612.65		17,066.26
U.S. DEPT. OF TRANSPORTATION:								
N.J. Dept. of Law & Public Safety:								
Division of Highway Traffic Safety:								
Summer Internship #RS03-57-01-05	1,488.18		18,256.00	1,488.18		17,889.00		
Summer Internship #RS03-57-01-06				367.00				
Stop Sign Reflective Panels	1,290.00			1,290.00				
Division of Local Government Services and Economic Development:								
Safety Improvements - Various County Roads	34,898.62			34,898.62				
NJ Transit 5311 - 2004	46,648.04			46,648.04				
NJ Transit 5311 - 2005	213,888.00					213,888.00		167,326.92
NJ Transit 5311 - 2006			241,860.00			74,533.08		
Route 57 Shuttle Transportation - Job Access								
2005	5,156.38					5,156.38		
2006	44.97	12,242.08	217,670.00		58.96	172,043.05		45,626.95
Sign Management						12,242.08		103.93
NJ Transportation Trust Fund Authority Act:								
Capital Transportation Program.								
D.O.T. Bond Act Bridge Improvement	8,046.25	106,275.31			1,602.10	106,275.31		9,648.35
D.O.T. Bridge Improvements - 2001	658,631.33							658,631.33
D.O.T. Improvements Various Bridges	18,444.03	32,290.52				32,290.52		18,444.03

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR FEDERAL GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Unexpended Balance Cancelled	Encumbrances Cancelled	Paid or Charged	Expenditures	Encumbrances	Balance Dec. 31, 2006
	\$ 10,926.58	\$ 1,130.25				\$ 6,695.56		\$ 29,305.10	\$ 5,361.27
		58,744.85				29,439.75	\$	16,428.20	7,649.20
	9,789.52	114,094.51				99,806.63		307,685.98	661,716.79
	727,030.15	659,071.00				416,698.38			
	242,276.25					242,276.25			
	229,003.55					229,003.55			
			\$ 478,000.00					1,219,937.08	478,000.00
	431,723.64		3,658,152.00			2,437,559.45			5,655.47
	346,234.03	9,374.87				8,884.87			432,213.64
	399,957.89	299,659.00				346,234.03			
	243,236.79					699,616.89		7,617.40	42,954.42
			1,276,000.00			1,239,795.28		36,204.72	
	\$ 5,959,120.03	\$ 1,839,551.83	\$ 8,907,388.91	\$ 154,798.53	\$ 1,731.06	\$ 10,459,776.47	\$ 2,023,627.81	\$ 4,064,389.02	

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U.S. DEPT. OF TRANSPORTATION: (Cont'd)
NJ Transportation Trust Fund Authority Act:
Capital Transportation Program: (Cont'd)
D.O.T. Bridge Improvements 2101202 - 2004
D.O.T. Bridge Improvements 2101202 - 2005
D.O.T. Bridge Improvements 2102215
D.O.T. Various Bridge Improvements
D.O.T. County Route 626
D.O.T. County Route 623
D.O.T. Improvement to Strykers Road
D.O.T. Highway Improvements
D.O.T. Capital Transportation Program 2002
D.O.T. Capital Transportation Program 2003
D.O.T. Capital Transportation Program 2004
D.O.T. Capital Transportation Program 2005
D.O.T. Capital Transportation Program 2006

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANT FUND EXPENDITURES

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Balance Canceled	Expenditures		Balance Dec. 31, 2006
					Paid or Charged	Encumbrances	
<u>NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES:</u>							
Prevention Oriented Services for Child Health Care (P.O.R.S.C.H.E.):							
#GA-06-141-CHS-L-3	\$ 41,606.00		\$ 1,664.00		\$ 43,270.00		\$ 20,803.00
#GA-07-205-CHS-L-0			41,605.00		20,802.00		
Part H - Early Intervention Service Coordination:							
#05-370-EIP-L-2	7,489.00			\$ 7,489.00			
#06-370-EIP-L-3	156,456.57		4,000.00	13,493.62	146,962.95		162,352.78
#07-295-SCH-L-0			209,854.00		47,501.22		
Right to Know			9,220.00		9,220.00		
New Jersey Ease - Aging and Disability Resource Center Comprehensive Program for Planning and Provision of Alcoholism and Abuse Services:	39,900.00				31,271.31		8,628.69
2005	3,756.00	\$ 45,516.25			49,272.25		1,139.00
2006			228,876.00		197,926.00	\$ 29,811.00	
<u>NJ DEPARTMENT OF MILITARY & VETERANS' AFFAIRS:</u>							
Veterans Transportation Services:							
Veterans Transportation 2005	4,664.00				4,664.00		
Veterans Transportation 2006			7,000.00		2,915.00		4,085.00
<u>NJ DEPARTMENT OF AGRICULTURE:</u>							
Agricultural Research Project #ME351382	17,100.00				17,100.00		
<u>NJ OFFICE OF EMERGENCY TELECOMMUNICATIONS SERVICE:</u>							
Enhanced 911 Consolidation Grant - Equipment			518,000.00				518,000.00
Enhanced 911 Consolidation Grant - Consolidation			189,000.00				189,000.00
General Assistance Grant			87,320.00		9,745.00	68,002.00	9,573.00

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Balance Carried	Expenditures		Balance Dec. 31, 2006
					Paid or Charged	Encumbrances	
NJ DEPARTMENT OF THE TREASURY:							
Governor's Council on Alcoholism & Drug Abuse:							
2005	\$ 1,912.10	\$ 53,263.39			\$ 55,175.49		\$ 6,856.00
2006			\$ 150,428.00		\$ 81,604.77	\$ 61,967.23	\$ 6,856.00
NJ DEPARTMENT OF LAW & PUBLIC SAFETY:							
Juvenile Justice Commission:							
State/Community Partnership Grant Program:							
2005	27,532.61	56,310.08			82,256.47	43.83	1,542.39
2006			291,694.00		209,591.20	36,965.00	45,137.80
State Facilities Education Act - Juvenile Education:							
2005	88,253.00				88,252.51		0.49
2006			18,000.00				18,000.00
Office Of the Attorney General:							
Attorney Identification Program			11,000.00		10,246.23		753.77
Division of Criminal Justice:							
Office of Insurance Fraud:							
2006			63,718.00		46,073.00		17,645.00
Body Armor Replacement - Various Departments	1,271.58						1,271.58
Body Armor Replacement - Prosecutor	1,734.98						1,734.98
Body Armor Replacement Program - 2004	5,715.47						5,715.47
Body Armor Replacement Program - 2005	16,435.05	1,381.68			2,072.52	1,381.68	14,362.53
Local Law Enforcement Block Grant #LLE-44-04	2,320.00				2,319.20		0.80

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Balance Canceled	Expenditures		Balance Dec. 31, 2006
					Paid or Charged	Encumbrances	
DEPARTMENT OF HUMAN SERVICES:							
Division of Youth and Family Services:							
Title XX Coalition:							
2005	\$ 26,735.75		\$ 291,038.00		\$ 26,735.75	\$ 49.60	\$ 24,629.05
2006					266,359.35		
Personal Attendant Services Program:							
2005	13,158.02		123,232.00		13,158.02		39,537.87
2006					83,694.13		
Task Force on Child Abuse and Neglect:							
Child Advocacy Center Development			23,922.00		1,775.00		22,147.00
Adult Protective Services			25,839.00		6,273.65		19,565.35
Division of Economic Assistance:							
Social Services for the Homeless:							
2005	4,268.41	\$ 1,200.00	88,620.00	\$ 172.00	5,295.91	6,708.00	0.50
2006					79,433.54		2,478.46
Division of Family Development:							
JOBS/Family Development Program:							
#GA0321	20,066.00		161,765.00		161,765.00		20,066.00
#TS06021			157,741.00		58,868.96	24,067.40	74,804.64
#TS07021							
Division of Family Development:							
Food Stamp Program and Outreach	219.00			219.00			
NIHISTORIC TRUST:							
Historic Trust:							
2003		1,140.00				1,140.00	
2005		19,714.29			19,714.29		
2006			23,000.00		9,857.13		13,142.87

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Balance Canceled	Expenditures		Balance Dec. 31, 2006
					Paid or Charged	Encumbrances	
<u>NJ DEPARTMENT OF COMMUNITY AFFAIRS:</u>							
<u>Handicapped Person's Recreational</u>							
Opportunities Act:							
2005		\$ 4,650.50			\$ 4,650.50		
2006			\$ 13,250.00		8,816.92	\$ 4,433.08	
Aging and Disability Resource Center	\$ 14,101.22				12,918.86	1,182.36	
<u>NJ TRANSIT CORPORATION:</u>							
Senior Citizens and Disabled Residents							
Transportation:							
NJ Transit - 2005	60,784.00				60,784.00		
Disabled Resident Transportation Assistance Program			584,499.45		521,777.54	70.30	\$ 62,651.61
NJ Transit 2004 Shuttle	7,100.40				7,100.40		
NJ Transit 2006 Shuttle			87,068.00		87,068.00		
NJ Transit - Section 5311 - 2005	106,944.01				29,573.52		77,370.49
NJ Transit - Section 5311 - 2006			115,740.00		28,672.00		87,068.00
<u>NJ STATE COUNCIL ON THE ARTS:</u>							
Council on the Arts (Local Support):							
2005	543.06	14,200.00			13,743.06	1,000.00	
Council on the Arts General Support:							
2001		1,620.00				1,620.00	
2004	0.61						0.61
2005		300.00			300.00		
2006			95,060.00		82,490.00	12,550.00	20.00

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE GRANT FUND EXPENDITURES
(Continued)

	Balance Dec. 31, 2005	Encumbrances Payable Returned	Transferred From 2006 Budget Appropriation	Balance Canceled	Expenditures		Balance Dec. 31, 2006
					Paid or Charged	Encumbrances	
<u>NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION AND ENERGY:</u>							
County Environmental Health Act (CEHA):							
2004	\$ 1,298.00				\$ 1,298.00		\$ 253,000.00
2005	290,316.54	\$ 7,963.50			45,280.04		\$ 39,380.55
2006			\$ 144,704.00		104,993.45	\$ 330.00	
Clean Communities Program:							
1998		300.00				300.00	
1999		238.50				238.50	
2004	26,306.41				26,306.41		22,052.86
2005	38,991.76				16,938.90		40,858.12
2006	19,332.50		40,858.12				19,332.50
Stormwater Regulation Program Planning Highlands			57,000.00		57,000.00		
<u>NJ DEPARTMENT OF EMERGENCY MANAGEMENT:</u>							
Emergency Management Preparedness Grant	9,715.20				8,761.80		953.40
<u>NJ OFFICE OF TRAVEL AND TOURISM:</u>							
Cooperative Marketing Sponsorship Program	10,500.00				9,917.16		582.84
<u>NJ DIVISION OF ARCHIVES AND RECORD MANAGEMENT:</u>							
Public Archives and Records Infrastructure Support Grant (PARIS)							
2005	105,419.88	717,183.02			642,658.57	170,111.00	9,833.33
2006			893,300.00		8,074.88	654,589.97	230,635.15
<u>PHILIPSBURG BOARD OF EDUCATION:</u>							
Interlocal Service Agreement Phillipsburg Board of Education - Health Program 21st Century Grant - 4h Program	16,795.14	2,202.61			8,182.92		10,814.83
<u>MORRIS/SUSSEX/WARREN WORKFORCE INVESTMENT BOARD:</u>							
Employment and Training Services for Early Employment Initiative							
2005	17,751.00						17,751.00
2006			6,000.00				6,000.00
	<u>\$ 1,206,493.27</u>	<u>\$ 927,183.82</u>	<u>\$ 4,764,015.57</u>	<u>\$ 21,373.62</u>	<u>\$ 3,678,478.78</u>	<u>\$ 1,089,703.82</u>	<u>\$ 2,108,136.44</u>

Ref.

A

A

COUNTY OF WARREN
CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2006

	<u>Cash Received</u>	<u>Balance Dec. 31, 2006</u>
State of New Jersey - Office of Information Technology: Emergency 911 Grant	<u>\$ 542,035.00</u>	<u>\$ 542,035.00</u>
	<u>\$ 542,035.00</u>	<u>\$ 542,035.00</u>
<u>Ref.</u>		A

COUNTY OF WARREN

OTHER TRUST FUNDS

2006

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COUNTY OF WARREN
SCHEDULE OF CASH - TREASURER
TRUST FUNDS

Regular Trust Fund:

	<u>Ref.</u>	
Balance December 31, 2005	B	\$ 7,303,712.24
Increased by Receipts:		
Rehabilitation Trust:		
Loan Repayments	\$ 653,059.52	
Community Development Block Grant Receivable	276,766.00	
Interest Earned	23,667.65	
Echo Housing Program:		
Rentals	20,156.95	
Interest Earned	11,042.91	
Community Development Block Grant:		
Interest Earned	46,438.96	
Other Cash Receipts	3,678.18	
Section 8 Housing Grant:		
Voucher Program	4,517,687.12	
Interest Earned	504.63	
County Library:		
Library Tax Levy	4,601,720.00	
State Library Aid	80,653.00	
Other Cash Receipts	446,953.34	
Health Department	3,438,471.19	
Payroll Agency	40,241,380.22	
		54,362,179.67
		61,665,891.91
Decreased by Disbursements:		
Rehabilitation Trust:		
Home Improvement Program	696,968.67	
Echo Housing Program	3,842.12	
Section 8 Housing Grant:		
Voucher Program	4,052,388.22	
County Library	4,643,572.94	
Health Department:		
Disbursements	3,970,532.15	
Due Current Fund	4,194.70	
Payroll Agency	40,028,546.14	
		53,400,044.94
Balance December 31, 2006	B	\$ 8,265,846.97

COUNTY OF WARREN
SCHEDULE OF CASH - TREASURER
TRUST FUNDS
(Continued)

Other Trust Fund:

	<u>Ref.</u>	
Balance December 31, 2005	B	\$ 9,517,010.88
Increased by Receipts:		
Prosecutor's Office		85,990.52
Forfeited Recognizances		31,008.11
Hospitalization Insurinee Stabilization Fund		13,864,612.85
Environmental Fund		365,749.09
County Clerk Court Fees		87,537.55
Weights and Measures		126,055.50
Intoxicated Driver Fund		2,128.29
Accumulated Absences		126,765.19
Road Escrow		140,486.24
Snow Removal		118,531.22
Engineer Escrow		65,932.46
Surrogate's Office		5,935.41
Personal Attendant		2,296.77
Aging Meals		178,883.22
Cultural and Heritage Commission		3,360.70
Board of Taxation		4,861.74
Newsletter Fund		9,348.84
Sheriff Trust Fund		8,389.43
		15,227,873.13
		24,744,884.01
Decreased by Disbursements:		
Prosecutor's Office		132,863.17
Forfeited Recognizances		34,861.92
Hospitalization Insurinee Stabilization Fund		13,622,771.78
Environmental Fund		120,993.12
Weights and Measures		40,772.36
Intoxicated Driver Fund		975.00
Road Escrow		141,948.47
Engineer Escrow		79,142.30
Surrogate's Office		4,824.50
Aging Meals		219,729.98
Cultural and Heritage Commission		6,062.64
Board of Taxation		6,565.60
Newsletter Fund		17,786.76
Sheriff Trust Fund		75.26
Duc Current Fund - Prior Year Interfund Returned		100,945.04
		14,530,317.90
Balance December 31, 2006	B	\$ 10,214,566.11

COUNTY OF WARREN
SCHEDULE OF CASH - TREASURER
TRUST FUNDS
(Continued)

Open Space Trust:

	<u>Ref.</u>	
Balance December 31, 2005	B	\$ 10,969,107.19
Increased by Receipts:		
Open Space Tax Levy		\$ 7,039,630.02
State of New Jersey		3,149,117.80
Contributions for Acquisition of Land From:		
Township of Knowlton		27,322.20
Interest on Investments		623,010.99
Miscellaneous		316.67
		<u>10,839,397.68</u>
		21,808,504.87
Decreased by Disbursements:		
Open Space Expenditures		7,675,955.54
Due Current Fund - Anticipated Revenue		1,016,611.32
		<u>8,692,566.86</u>
Balance December 31, 2006	B	<u><u>\$ 13,115,938.01</u></u>

Unemployment Trust Fund:

Balance December 31, 2005	B	\$ 65,317.38
Increased by Receipts:		
Employer and Employees' Withholding		85,187.71
Interest		3,206.55
		<u>88,394.26</u>
		153,711.64
Decreased by Disbursements:		
Unemployment Expenditures		97,493.39
Balance December 31, 2006	B	<u><u>\$ 56,218.25</u></u>

COUNTY OF WARREN
SCHEDULE OF COMMUNITY DEVELOPMENT
BLOCK GRANT RECEIVABLE
TRUST FUNDS
YEAR ENDED DECEMBER 31, 2006

	<u>Ref</u>	
Increased by Community Development Block Grant Awarded		\$ 500,000.00 <u>500,000.00</u>
Decreased by Cash Received		<u>276,766.00</u>
Balance December 31, 2006	B	<u>\$ 223,234.00</u>

COUNTY OF WARREN
SCHEDULE OF REHABILITATION LOANS RECEIVABLE
TRUST FUNDS

	<u>Ref.</u>	<u>Total</u>	<u>1% Mortgage Receivable</u>	<u>Deferred Loans Receivable</u>	<u>Revolving Loans</u>
Balance December 31, 2005	B	\$ 4,655,962.56	\$ 179,361.24	\$ 4,449,778.58	\$ 26,822.74
Increased by:					
Loans Issued		510,711.71	37,322.00	469,130.85	4,258.86
Loans Modified		85,933.00		85,933.00	
		<u>5,252,607.27</u>	<u>216,683.24</u>	<u>5,004,842.43</u>	<u>31,081.60</u>
Decreased by:					
Loan Repayments		590,771.66	46,010.04	530,249.84	14,511.78
Balance December 31, 2006	B	<u>\$ 4,661,835.61</u>	<u>\$ 170,673.20</u>	<u>\$ 4,474,592.59</u>	<u>\$ 16,569.82</u>

COUNTY OF WARREN
SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT
BLOCK GRANT ECHO HOUSING
TRUST FUNDS

	<u>Ref.</u>	
Balance December 31, 2005	\ B	\$ 144,400.44
Increased by Receipts:		
Cash Received		<u>31,199.86</u>
		175,600.30
Decreased by:		
Cash Disbursed		<u>\ 3,842.12</u>
Balance December 31, 2006	\ B	<u>\$ 171,758.18</u>

COUNTY OF WARREN
SCHEDULES OF RESERVES FOR HOUSING REHABILITATION
TRUST FUNDS

	<u>Ref.</u>	<u>Total</u>	<u>Rehabilitation Trust</u>	<u>Community Development</u>
Balance December 31, 2005	\ B	\$ 1,415,179.81	\$ 508,406.18	\$ 906,773.63
Increased by:				
Loans Received		653,059.52	653,059.52	
Grant Receipts		276,766.00	276,766.00	
Interest Earned		70,106.61	\ 23,667.65	\ 46,438.96
Other Receipts		3,678.18		3,678.18
		<u>2,418,790.12</u>	<u>1,461,899.35</u>	<u>956,890.77</u>
Decreased by:				
Cash Disbursed		\ 696,968.67	696,968.67	
		<u>696,968.67</u>	<u>696,968.67</u>	
Balance December 31, 2006	B	<u>\$ 1,721,821.45</u>	<u>\$ 764,930.68</u>	<u>\$ 956,890.77</u>

COUNTY OF WARREN
SCHEDULE OF RESERVES FOR REGULAR TRUST FUND
TRUST FUNDS

<u>Ref.</u>	<u>Total</u>	<u>Section 8 Voucher</u>	<u>Library</u>	<u>Health Department</u>	<u>Payroll Agency</u>
Balance December 31, 2005	\$ 5,485,387.74	\$ 24,215.78	\$ 1,317,908.97	\$ 4,127,701.88	\$ 15,561.11
Increased by:					
Other Cash Received	48,644,996.50	4,518,191.75	446,953.34	3,438,471.19	40,241,380.22
County Library Tax	4,601,720.00		4,601,720.00		
State Library Aid	80,653.00		80,653.00		
Encumbrances Returned	254,549.55		173,949.55	80,600.00	
	<u>59,067,306.79</u>	<u>4,542,407.53</u>	<u>6,621,184.86</u>	<u>7,646,773.07</u>	<u>40,256,941.33</u>
Decreased by:					
Cash Disbursed	52,150,556.45	4,052,388.22	4,099,089.94	3,970,532.15	40,028,546.14
Due General Capital Fund - Reserve for New Library	544,483.00		544,483.00		
Encumbrances Payable	41,108.43		41,108.43		
	<u>52,736,147.88</u>	<u>4,052,388.22</u>	<u>4,684,681.37</u>	<u>3,970,532.15</u>	<u>40,028,546.14</u>
Balance December 31, 2006	\$ <u>6,331,158.91</u>	\$ <u>490,019.31</u>	\$ <u>1,936,503.49</u>	\$ <u>3,676,240.92</u>	\$ <u>228,395.19</u>

COUNTY OF WARREN
SCHEDULE OF RESERVES FOR TRUST FUNDS
OPEN SPACE TRUST AND UNEMPLOYMENT TRUST
TRUST FUNDS

	<u>Ref.</u>	<u>Open Space Trust</u>	<u>Unemployment Trust</u>
Balance December 31, 2005	B	\$ 5,008,256.22	\$ 65,317.38
Increased by:			
Open Space Tax Levy		\$ 7,039,630.02	
State of New Jersey		3,149,117.80	
Contributions for Acquisition of Land:			
Township of Knowlton		27,322.20	
Encumbrances Returned		5,960,850.97	
Employer and Employees' Withholding			\$ 85,187.71
Interest Earned		623,010.99	3,206.55
Miscellaneous		316.67	
		<u>16,800,248.65</u>	<u>88,394.26</u>
		21,808,504.87	153,711.64
Decreased by:			
Expenditures		7,675,955.54	97,493.39
Due Current Fund - Anticipated Revenue		1,016,611.32	
Encumbrances Payable		7,471,411.26	
		<u>16,163,978.12</u>	<u>97,493.39</u>
Balance December 31, 2006	B	<u>\$ 5,644,526.75</u>	<u>\$ 56,218.25</u>

COUNTY OF WARREN
SCHEDULE OF VARIOUS RESERVES FOR
OTHER TRUST FUNDS
TRUST FUNDS

Fund:	Balance		Increased by:			Decreased by:			Balance	
	Dec. 31, 2005		Cash Receipts	Encumbrances Returned	Interfund Returned	Cash Disbursed	Encumbrances Payable	Interfund Returned	Dec. 31, 2006	
Prosecutor's Office	\$ 523,615.59		\$ 85,990.52	\$ 33,896.97	\$	\$ 132,863.17	\$ 6,112.80		\$ 504,527.11	
Forfeited Recognizances	199,187.49		31,008.11		\$ 327.32	35,189.24			195,333.68	
Hospitalization Insurance	6,361,385.78		13,864,612.85		102,950.57	13,725,722.35			6,603,226.85	
Stabilization Fund	160,884.75		365,749.09			120,993.12			405,640.72	
Environmental Fund	315,857.16		87,537.55	1,500.00			167,450.00		237,444.71	
County Clerk County Fees	244,854.20		128,811.50			40,772.36	518.18	\$ 2,756.00	329,619.16	
Weights and Measures	39,335.01		2,128.29			975.00			40,488.30	
Intoxicated Driver Fund	228,305.00		140,486.24		423.41	142,371.88			226,842.77	
Road Deposit	420,996.59		65,932.46		427.74	79,570.04	7,422.47		408,984.13	
Engineer Escrow	25,182.58		6,307.41			4,824.50		372.00	26,293.49	
Surrogate's Office	28,821.56		2,296.77						31,118.33	
Personal Attendant	159,134.02		178,883.22	9,480.55		219,729.98	10,706.35		117,061.46	
Aging Meals										
Cultural and Heritage										
Commission	7,497.24		3,360.70	25.00		6,062.64	100.00		4,720.30	
Board of Taxation	7,709.60		4,861.74			6,565.60	150.00		5,855.74	
Newsletter Fund	11,728.67		9,348.84			17,786.76			3,290.75	
Accumulated Absences	443,399.59		126,765.19						570,164.78	
Roads Snow Removal	157,551.16		118,531.22						276,082.38	
Sheriff Trust	27,097.48		8,445.43			75.26		56.00	35,411.65	
	\$ 9,362,543.47		\$ 15,231,057.13	\$ 53,522.37	\$ 104,129.04	\$ 14,533,501.90	\$ 192,459.80	\$ 3,184.00	\$ 10,022,106.31	

Ref.

B

B

COUNTY OF WARREN
GENERAL CAPITAL FUND
2006

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COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2005	C	\$ 12,218,442.85
Increased by Receipts:		
Current Fund Budget Appropriations:		
Capital Improvement Fund	\$ 8,809,110.00	
Improvement Authorization Refund - Ord 2005-B	1,315,925.00	
Due From County Library for Construction of New Library	544,483.00	
Due Current Fund: Interest Earned	<u>943,069.02</u>	
		<u>11,612,587.02</u>
		23,831,029.87
Decreased by Disbursements:		
Improvement Authorizations	7,557,549.01	
Due to Current Fund	<u>981,684.82</u>	
		<u>8,539,233.83</u>
Balance December 31, 2006	C	<u>\$ 15,291,796.04</u>

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2006

NOT APPLICABLE

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2005	C	\$ 1,300,598.91
Increased by:		
2006 Budget Appropriation		<u>8,809,110.00</u>
		10,109,708.91
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>8,934,110.00</u>
Balance December 31, 2006	C	<u><u>\$ 1,175,598.91</u></u>

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2005 Funded	Prior Year Encumbrances Returned	Authorizations Capital Improvement Fund	Improvement Authorizations Refunded	Paid or Charged	Balance Dec. 31, 2006 Funded
1997-A	Various Improvements	02/26/97	\$ 1,020,000.00	\$	2,350.00			\$ 2,350.00	
1998-A	Various Improvements	03/11/98	2,205,082.00		19,838.70			19,838.70	
1999-A	Various Improvements	02/10/99	3,482,314.00		5,263.00			5,263.00	
2000-A	Acquisition of Equipment and Various Improvements	03/22/00	3,609,822.00	\$ 27,700.03	55,580.12			64,483.38	\$ 18,796.77
2000-B.1	Acquisition of Equipment and Various Improvements	05/24/00	2,336,575.00	89,776.75	33,018.12			33,018.12	89,776.75
2001-A	Acquisition of Equipment and Various Improvements	03/14/01	3,288,294.00	191,004.85	63,867.73			212,808.42	42,064.16
2002-A	Various Improvements	03/27/02	3,534,004.00	40,614.59	15,132.29			15,132.29	40,614.59
2003-A	Various Improvements	03/12/03	3,435,100.00	224,650.71	90,282.27			94,398.42	220,534.56
2003-B	Acquisition of Open Space	05/14/03	5,775,000.00	3,793,498.75	3,500.00			1,500,244.72	2,296,754.03
2004-A	Various Improvements	03/24/04	3,722,002.00	163,079.72	149,352.75			210,974.63	101,457.84
2004-B	Roof Replacement on the County Correctional Center	04/28/04	550,000.00	79,200.00				59,207.52	19,992.48
2004-C	Engineering and Construction of Buildings in the County	06/09/04	1,050,000.00	306,823.28	412,322.86			602,634.43	116,511.71
2005-A	Acquisition of Equipment and Various Improvements	04/27/05	4,137,250.00	1,448,109.91	483,423.83			1,293,329.39	638,204.35
2005-B	Acquisition, Installation and Technical Support of Computerized Voter Equipment	07/27/05	1,725,000.00	87,100.00	1,637,900.00		\$ 1,315,925.00	1,637,900.00	1,403,025.00
2006-A	Various Improvements	03/08/06	8,934,110.00			\$ 8,934,110.00		6,194,444.51	2,739,665.49
				\$ 6,451,538.59	\$ 2,971,831.67	\$ 8,934,110.00	\$ 1,315,925.00	\$ 11,945,027.53	\$ 7,727,397.73
			Ref.	C		Cash Disbursed Encumbrances		\$ 7,557,549.01	
								4,388,478.52	
								\$ 11,946,027.53	

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2006

NOT APPLICABLE

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2006	Int. Rate	Balance			
					Dec. 31, 2005	Dec. 31, 2006		
General Improvement Bonds	08/25/92	\$ 6,498,000.00	07/15/07	5.700%	\$ 843,000.00	\$ 408,000.00		
Open Space Bond Series 2003A	6/1/03	7,000,000.00	5/15/07	3.625%				
			5/15/08	3.625%				
			5/15/09	3.625%				
			5/15/10	3.500%				
			5/15/11	3.500%				
			5/15/12	3.600%				
			5/15/13	3.750%				
			5/15/14	3.900%				
			5/15/15	4.000%				
			5/15/16	4.100%				
			5/15/17	4.200%				
			5/15/18	4.300%				
							\$ 435,000.00	\$ 408,000.00
			Open Space Refunding Bonds 2003B	12/1/03	2,735,000.00	11/15/07	3.000%	6,255,000.00
			11/15/08	2.250%				
			11/15/09	2.500%				
			11/15/10	2.800%				
			11/15/11	3.100%				
			11/15/12	3.350%				
			11/15/13	3.500%				
			11/15/14	3.600%				
			11/15/15	3.750%				
					2,340,000.00	2,130,000.00		

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE
(Continued)

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2006		Int. Rate	Balance Dec. 31, 2005	Matured	Balance Dec. 31, 2006	
			Date	Amount					
General Improvement/College Refunding Bonds, Series 2003C	12/1/03	\$ 14,610,000.00	11/15/07	\$ 1,820,000.00	3.000%				
			11/15/08	1,830,000.00	2.250%				
			11/15/09	1,835,000.00	4.500%				
			11/15/10	1,190,000.00	2.800%				
			11/15/11	460,000.00	3.100%				
			11/15/12	485,000.00	3.350%				
			11/15/13	500,000.00	3.500%				
			11/15/14	520,000.00	3.600%				
			11/15/15	540,000.00	3.750%	\$ 10,995,000.00	\$ 1,815,000.00	\$ 9,180,000.00	
	County Vocational School Refunding Bonds, Series 2003D	12/1/03	3,005,000.00	11/15/07	235,000.00	3.000%			
				11/15/08	240,000.00	2.250%			
				11/15/09	245,000.00	2.500%			
				11/15/10	250,000.00	2.800%			
				11/15/11	255,000.00	3.100%			
				11/15/12	265,000.00	3.350%			
			11/15/13	270,000.00	3.500%				
			11/15/14	280,000.00	3.600%				
			11/15/15	295,000.00	3.750%	2,560,000.00	225,000.00	2,335,000.00	
County College Refunding Bonds, Series 2003E		12/1/03	1,195,000.00	11/15/07	185,000.00	3.000%			
				11/15/08	185,000.00	2.250%			
				11/15/09	185,000.00	2.500%			
				11/15/10	90,000.00	2.800%	830,000.00	185,000.00	645,000.00
							\$ 23,823,000.00	\$ 3,270,000.00	\$ 20,553,000.00

Ref.

C

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF NJDEP GREEN TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2005	C	\$ 1,137,015.96
Decreased by:		
Loan Repayments		79,372.15
Balance December 31, 2006	C	\$ 1,057,643.81

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2006

1997 Issue

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
19	06/16/07	2.00%	\$ 28,382.24
20	12/16/07	2.00%	28,666.06
21	06/16/08	2.00%	28,952.72
22	12/16/08	2.00%	29,242.25
23	06/16/09	2.00%	29,534.67
24	12/16/09	2.00%	29,830.02
25	06/16/10	2.00%	30,128.32
26	12/16/10	2.00%	30,429.60
27	06/16/11	2.00%	30,733.90
28	12/16/11	2.00%	31,041.24
29	06/16/12	2.00%	31,351.65
30	12/16/12	2.00%	31,665.17
31	06/16/13	2.00%	31,981.82
32	12/16/13	2.00%	32,301.64
33	06/16/14	2.00%	32,624.65
34	12/16/14	2.00%	32,950.90
35	06/16/15	2.00%	33,280.41
36	12/16/15	2.00%	33,613.21
37	06/16/16	2.00%	33,949.35
38	12/16/16	2.00%	34,288.84
39	06/16/17	2.00%	34,631.74
			\$ 659,580.40

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF NJDEP GREEN TRUST LOAN PAYABLE
(Continued)

SCHEDULE OF PRINCIPAL PAYMENTS
OUTSTANDING DECEMBER 31, 2006

2001 Issue

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
10	06/27/07	2.00%	\$ 11,900.11
11	12/27/07	2.00%	12,019.11
12	06/27/08	2.00%	12,139.31
13	12/27/08	2.00%	12,260.70
14	06/27/09	2.00%	12,383.31
15	12/27/09	2.00%	12,507.14
16	06/27/10	2.00%	12,632.21
17	12/27/10	2.00%	12,758.53
18	06/27/11	2.00%	12,886.12
19	12/27/11	2.00%	13,014.98
20	06/27/12	2.00%	13,145.13
21	12/27/12	2.00%	13,276.58
22	06/27/13	2.00%	13,409.35
23	12/27/13	2.00%	13,543.44
24	06/27/14	2.00%	13,678.87
25	12/27/14	2.00%	13,815.66
26	06/27/15	2.00%	13,953.82
27	12/27/15	2.00%	14,093.36
28	06/27/16	2.00%	14,234.29
29	12/27/16	2.00%	14,376.63
30	06/27/17	2.00%	14,520.40
31	12/27/17	2.00%	14,665.60
32	06/27/18	2.00%	14,812.26
33	12/27/18	2.00%	14,960.38
34	06/27/19	2.00%	15,109.99
35	12/27/19	2.00%	15,261.09
36	06/27/20	2.00%	15,413.70
37	12/27/20	2.00%	15,567.83
38	06/27/21	2.00%	15,723.51
			<u>\$ 398,063.41</u>

COUNTY OF WARREN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2006

NOT APPLICABLE

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COUNTY OF WARREN

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2006

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COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	State Agency Account Number	Grant Award	Grant Receipts	Grant Period From To	Grant Expenditures	Cumulative Grant Expenditures
U.S. DEPT. OF HEALTH & HUMAN SERVICES: Passed Through N.J. Dept. of Community Affairs: Title III - Aging - Area Plan Grant.							
#03-1394	93.043	100-046-4144-061-6110;	\$ 971,748.00		01/01/03		\$ 940,407.33
#04-1394	through 93.046	100-046-4144-265-6110	994,509.00		01/01/04		964,221.53
#05-1394			1,081,184.00	\$ 542,465.90	01/01/05	\$ 100,168.76	1,062,084.82
#06-1394			1,011,245.00	712,645.00	01/01/06	854,932.78	854,932.78
			4,058,686.00	1,255,110.90	12/31/06	955,101.54	3,821,646.46
Public Health Preparedness and Response for Bioterrorism:							
#04-1166-BT-L-3	93.283	100-046-4104-360-6120	471,669.00	1.18	08/31/02		471,669.00
#05-1166-BT-L-3	93.283	100-046-4104-360-6120	484,214.00	141,638.24	08/31/03	14.00	484,214.00
#06-1166-BT-L-3	93.283	100-046-4104-360-6120	524,710.00	372,082.35	08/31/04	437,936.18	523,056.95
#07-1166-BT-L-3	93.283	100-046-4104-360-6120	497,039.00		08/31/05	47,947.98	47,947.98
			1,977,632.00	513,721.77	08/31/06	485,898.16	1,526,887.93
TOTAL DEPT. OF HEALTH & HUMAN SERVICES			6,036,318.00	1,768,832.67		1,440,999.70	5,348,534.39
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT:							
Community Development Block Grant	14.228	N/A	500,000.00	500,000.00	01/01/06	500,000.00	500,000.00
TOTAL DEPT. OF HOUSING AND URBAN DEVELOPMENT			500,000.00	500,000.00		500,000.00	500,000.00
U.S. DEPT. OF JUSTICE:							
Passed Through N.J. Dept. of Law & Public Safety: Division of Criminal Justice: Multi-Jurisdictional Narcotics Task Force: #DE 2-21-04	16.579	100-066-1020-157-6010	87,110.00	87,110.00	01/01/06	87,110.00	87,110.00
			87,110.00	87,110.00	12/31/06	87,110.00	87,110.00
Crime Victim Assistance							
#V-21-04	16.575	100-066-1020-142-6010	175,400.00	41,471.42	01/01/05	39,067.30	156,368.44
#V-07-05	16.575	100-066-1020-142-6010	166,395.00	117,085.86	01/01/06	123,364.66	123,364.66
			341,795.00	158,557.28	12/31/06	162,431.96	279,733.10
Local Law Enforcement Block Grant, Megan's Law #LLE 23-02	16.592	100-066-1020-261-6010	9,905.00	9,905.00	01/01/05	3,962.00	3,962.00
			9,905.00	9,905.00	12/31/05	3,962.00	3,962.00

COUNTY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2006
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
<u>U.S. DEPT. OF JUSTICE:</u> Passed Through N.J. Dept. of Law & Public Safety: Division of Criminal Justice: Sexual Assault Nurse Examiner 2005	16.582	100-066-1020-142-6010	\$ 81,592.00	\$ 5,475.48	01/01/05	12/31/05	\$ 30.00	\$ 79,172.53
2006	16.582	100-066-1020-142-6010	81,994.00	73,532.03	01/01/06	12/31/06	75,745.49	75,745.49
2006 - Prosecutors	16.582	100-066-1020-142-6010	81,744.00		01/01/06	12/31/06	6,501.32	6,501.32
			<u>245,330.00</u>	<u>79,007.51</u>			<u>82,276.81</u>	<u>161,419.34</u>
Juvenile Accountability Incentive: JAIBG-04-21	16.523	100-066-1500-121-6010	9,161.00	6,871.00	01/01/05	12/31/05		9,161.00
JAIBG-05-21	16.523	100-066-1500-121-6010	7,902.00		01/01/06	12/31/06	7,902.00	7,902.00
			<u>17,063.00</u>	<u>6,871.00</u>			<u>7,902.00</u>	<u>17,063.00</u>
Division of State Police: CBRNE Training Manuals	16.007	100-066-1200-833-65110	8,118.00		01/01/05	12/31/05	31.00	8,118.00
			<u>8,118.00</u>				<u>31.00</u>	<u>8,118.00</u>
TOTAL DEPT. OF JUSTICE			<u>709,321.00</u>	<u>341,450.79</u>			<u>343,713.77</u>	<u>557,405.44</u>
<u>U.S. DEPT. OF HOMELAND SECURITY:</u> State Homeland Security Grant Program - 2005	97.054	100-066-1200-833-65110	782,140.00	728,601.80	01/01/05	12/31/05	193,560.90	758,360.42
State Homeland Security Grant Program - 2005 HSGP	97.054	100-066-1200-833-65110	538,263.00	41,655.91	01/01/05	12/31/05	175,926.78	318,343.55
State Homeland Security Grant Program - 2006	97.054	100-066-1200-833-65110	278,363.00		01/01/06	12/31/06	44,886.87	44,886.87
Community Emergency Response Team (CERT) 2004	97.054	100-066-1200-833-65110	6,428.42		01/01/04	12/31/04	694.03	6,428.42
Community Emergency Response Team (CERT) 2005	97.054	100-066-1200-833-65110	1,270.89		01/01/05	12/31/05	66.22	1,270.89
Regional Radio Inoperability Initiative	97.054	100-066-1200-833-65110	454,000.00	299,019.81	01/01/04	12/31/05	395,394.83	395,394.83
FEMA Reimbursement County Property - Hurricane Ivan Damage - 2005	97.054	100-066-1200-833-65110	819,507.90		01/01/05	12/31/05	620,907.58	817,369.91
Hurricane Ivan Damage - 2006	97.054	100-066-1200-833-65110	42,678.91	42,678.91	01/01/06	12/31/06	25,612.65	25,612.65
			<u>2,922,652.12</u>	<u>1,111,956.43</u>			<u>1,457,049.86</u>	<u>2,367,667.54</u>
TOTAL U.S. DEPT. OF HOMELAND SECURITY								
<u>U.S. DEPT. OF TRANSPORTATION:</u> N.J. Dept. of Law & Public Safety: Division of Highway Traffic Safety: Summer Internship #RS03-57-01-06	20.205	N/A	18,256.00	17,889.00	01/01/06	12/31/06	17,889.00	17,889.00
			<u>18,256.00</u>	<u>17,889.00</u>			<u>17,889.00</u>	<u>17,889.00</u>

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	State Agency Account Number	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
					From	To		
U.S. DEPT. OF TRANSPORTATION:								
NJ Transit 5311 - 2004	20.507	N/A	\$ 331,305.00	\$ 91,019.51	01/01/04	12/31/04	\$ 213,888.00	\$ 284,656.38
NJ Transit 5311 - 2005	20.507	N/A	213,888.00	200,705.53	01/01/05	12/31/05	74,533.08	213,888.00
NJ Transit 5311 - 2006	20.507	N/A	241,860.00		01/01/06	12/31/06	288,421.08	74,533.08
			<u>787,053.00</u>	<u>291,725.04</u>				<u>573,077.46</u>
Route 57 Shuttle Transportation - Job Access 2005	20.507	N/A	380,811.00	105,358.08	01/01/05	12/31/05	5,156.38	380,811.00
Route 57 Shuttle Transportation - Job Access 2006	20.507	N/A	217,670.00	104,002.21	01/01/06	12/31/06	172,043.05	172,043.05
			<u>598,481.00</u>	<u>209,360.29</u>			<u>177,199.43</u>	<u>552,854.05</u>
Sign Management	20.507	N/A	299,451.00	20,361.03	01/01/03	12/31/03	-	299,406.03
			<u>299,451.00</u>	<u>20,361.03</u>				<u>299,406.03</u>
NJ Transportation Trust Fund Authority Act:								
Capital Transportation Program:								
D.O.T. Bond Act Bridge Improvement	20.205	6320-480-078-6320-606	2,400,000.00		01/01/01	12/31/01		2,390,351.65
D.O.T. Route 604 - 1999	20.205	6320-480-078-6320-606	112,500.00	112,500.00	01/01/99	12/31/99		112,500.00
D.O.T. Route 604 - 2000	20.205	6320-480-078-6320-606	112,500.00	112,500.00	01/01/00	12/31/00		112,500.00
D.O.T. Improvements Various Bridges	20.205	6320-480-078-6320-606	600,000.00		01/01/03	12/31/03		581,555.97
D.O.T. Bridge Improvements 2101202 - 2001	20.205	6320-480-078-6320-606	200,000.00	20,430.86	01/01/04	12/31/05	5,565.31	194,638.73
D.O.T. Bridge Improvements 2101202 - 2005	20.205	6320-480-078-6320-606	59,839.00	17,672.49	01/01/04	12/31/05	2,140.32	59,839.00
D.O.T. Bridge Improvements 2102215 - 2005	20.205	6320-480-078-6320-606	163,396.00	89,669.94	01/01/03	12/31/03		155,746.80
D.O.T. Various Bridge Improvements	20.205	6320-480-078-6320-606	2,400,000.00		01/01/02	12/31/02	65,313.36	1,738,283.21
D.O.T. County Route 626	20.205	6320-480-078-6320-606	250,000.00		01/01/04	12/31/04	242,276.25	250,000.00
D.O.T. County Route 623	20.205	6320-480-078-6320-606	250,000.00		01/01/04	12/31/04	229,003.55	250,000.00
D.O.T. Highway Improvement 2006	20.205	6320-480-078-6320-606	3,658,152.00	1,375,737.08	01/01/06	12/31/06	3,652,496.53	3,652,496.53
			<u>10,206,387.00</u>	<u>1,728,510.37</u>			<u>4,196,795.32</u>	<u>9,497,911.89</u>
D.O.T. Capital Transportation Program 2002	20.205	6320-480-078-6320-606	1,276,000.00		01/01/02	12/31/02		843,786.36
D.O.T. Capital Transportation Program 2003	20.205	6320-480-078-6320-606	1,276,000.00		01/01/03	12/31/03	346,234.03	614,283.21
D.O.T. Capital Transportation Program 2004	20.205	6320-480-078-6320-606	1,276,000.00		01/01/04	12/31/04	399,957.89	1,276,000.00
D.O.T. Capital Transportation Program 2005	20.205	6320-480-078-6320-606	1,276,000.00		01/01/05	12/31/05	200,282.37	1,233,045.58
D.O.T. Capital Transportation Program 2006	20.205	6320-480-078-6320-606	1,276,000.00	1,276,000.00	01/01/06	12/31/06	1,276,000.00	1,276,000.00
			<u>6,380,000.00</u>	<u>1,276,000.00</u>			<u>2,222,474.29</u>	<u>5,243,115.15</u>
TOTAL DEPT. OF TRANSPORTATION			<u>18,289,628.00</u>	<u>3,543,845.73</u>			<u>6,902,779.12</u>	<u>16,184,253.58</u>
TOTAL FEDERAL AWARDS			<u>\$ 28,457,919.12</u>	<u>\$ 7,266,085.62</u>			<u>\$ 10,644,542.45</u>	<u>\$ 24,957,860.95</u>

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES:							
Prevention Oriented Services for Child Health Care (P.O.R.S.C.H.E):							
	4536-129-6140-2077	\$ 84,874.00	\$ 78,210.00	01/01/05	12/31/05	\$ 43,270.00	\$ 84,874.00
		41,605.00	20,803.00	01/01/06	12/31/06	20,802.00	20,802.00
		126,479.00	99,013.00			64,072.00	105,676.00
Part H - Early Intervention Service Coordination:							
	4575-233-6140-5074	212,829.00	148,352.00	01/01/05	12/31/05	146,962.95	199,335.38
		209,854.00		01/01/06	12/31/06	47,501.22	47,501.22
		422,683.00	148,352.00			194,464.17	246,836.60
Right To Know Act:							
	100-046-4771-105-6110	9,220.00	2,305.00	01/01/05	12/31/05	9,220.00	9,220.00
		9,220.00	4,610.00	01/01/06	12/31/06	9,220.00	9,220.00
		18,440.00	6,915.00			9,220.00	18,440.00
New Jersey Ease - Aging and Disability Resource Center							
	2005	39,900.00	39,900.00	01/01/05	12/31/05	31,271.31	31,271.31
		39,900.00	39,900.00			31,271.31	31,271.31
County Comprehensive Alcoholism and Drug Services:							
	760-046-4219-001-6110	227,972.00	107,080.00	01/01/05	12/31/05	3,756.00	227,972.00
		228,876.00	76,570.00	01/01/06	12/31/06	227,737.00	227,737.00
		456,848.00	183,650.00			231,493.00	455,709.00
TOTAL NJ DEPARTMENT OF HEALTH & SENIOR SERVICES							
		1,064,350.00	477,830.00			530,520.48	857,932.91
NJ DEPARTMENT OF MILITARY & VETERANS' AFFAIRS:							
Veterans Transportation Services:							
	3610-100-067-3610-058	7,000.00	4,668.00	01/01/05	12/31/05	4,664.00	7,000.00
		7,000.00	2,332.00	01/01/06	12/31/06	2,915.00	2,915.00
		14,000.00	7,000.00			7,579.00	9,915.00
TOTAL NJ DEPARTMENT OF MILITARY & VETERANS' AFFAIRS							
		14,000.00	7,000.00			7,579.00	9,915.00

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
NJ DEPARTMENT OF AGRICULTURE:							
Agricultural Research Project #ME351382	N/A	\$ 68,400.00	\$ 0.50	01/01/02	12/31/02	\$ 17,100.00	\$ 68,400.00
		<u>68,400.00</u>	<u>0.50</u>			<u>17,100.00</u>	<u>68,400.00</u>
TOTAL NJ DEPARTMENT OF AGRICULTURE							
		68,400.00	0.50			17,100.00	68,400.00
NJ DEPARTMENT OF THE TREASURY							
Governor's Council on Alcoholism/Drug Abuse:							
Municipal Alliance to Prevent Alcoholism/Drug Abuse							
2005	100-082-C001-044-6010	150,431.10	87,595.24	01/01/05	12/31/05	1,912.10	150,431.10
2006		150,428.00	78,823.26	01/01/06	12/31/06	143,572.00	143,572.00
		<u>300,859.10</u>	<u>166,418.50</u>			<u>145,484.10</u>	<u>294,003.10</u>
TOTAL NJ DEPARTMENT OF THE TREASURY							
		300,859.10	166,418.50			145,484.10	294,003.10
NJ DEPARTMENT OF LAW & PUBLIC SAFETY:							
Juvenile Justice Commission:							
State/Community Partnership Grant Program:							
2005	100-066-1500-032-6010	286,812.00	71,697.00	01/01/05	12/31/05	25,990.22	285,269.61
2006		291,694.00	121,128.00	01/01/06	12/31/06	246,556.20	246,556.20
		<u>578,506.00</u>	<u>192,825.00</u>			<u>272,546.42</u>	<u>531,825.81</u>
State Facilities Education Act - Juvenile Education:							
2005	100-066-1500-032-6010	99,000.00	49,500.00	01/01/05	12/31/05	88,252.51	98,999.51
2006		18,000.00	9,000.00	01/01/06	12/31/06	88,252.51	98,999.51
		<u>117,000.00</u>	<u>58,500.00</u>			<u>88,252.51</u>	<u>98,999.51</u>
Office of the Attorney General:							
Attorney Identification Program							
		11,000.00	10,246.23	01/01/06	12/31/06	10,246.23	10,246.23
		<u>11,000.00</u>	<u>10,246.23</u>			<u>10,246.23</u>	<u>10,246.23</u>

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
<u>NJ DEPARTMENT OF LAW & PUBLIC SAFETY:</u>							
Division of Criminal Justice:							
Office of Insurance Fraud:							
2005	1020-459-066-	\$ 61,318.00	\$ 15,331.00	01/01/05	12/31/05	\$ 61,318.00	
2006	1020-001	63,718.00	46,073.00	01/01/06	12/31/06	\$ 46,073.00	
Body Armor Replacement Program - 2005							
	1020-001	19,790.04		01/01/05	12/31/05	2,072.52	5,427.51
		144,826.04	61,404.00			48,145.52	112,818.51
Local Law Enforcement Block Grant							
		2,320.00	2,320.00	01/01/05	12/31/05	2,319.20	2,319.20
	#LLE-44-04	2,320.00	2,320.00			2,319.20	2,319.20
TOTAL NJ DEPARTMENT OF LAW & PUBLIC SAFETY							
		853,652.04	325,295.23			421,509.88	756,209.26
<u>NJ DEPARTMENT OF HUMAN SERVICES:</u>							
Division of Youth and Family Services:							
Human Services Advisory Council/Child							
Title XX Coalition:							
2005	100-054-7570-	280,685.00		01/01/05	12/31/05	26,735.75	280,685.00
2006	380-6130	291,038.00	283,230.00	01/01/06	12/31/06	266,408.95	266,408.95
Personal Attendant Services Program:							
2005	7550-100-	103,994.00		01/01/05	12/31/05	13,158.02	103,994.00
2006	054-7570-076	123,232.00	123,232.00	01/01/06	12/31/06	83,694.13	83,694.13
Task Force on Child Abuse and Neglect:							
Child Advocacy Center Development							
Adult Protective Services							
		23,922.00	23,922.00	01/01/06	12/31/06	1,775.00	1,775.00
		25,839.00	25,839.00	01/01/06	12/31/06	6,273.65	6,273.65
		848,710.00	456,223.00			398,045.50	742,830.73
Division of Economic Assistance:							
Social Services for the Homeless:							
2005	100-054-7550-	81,463.00	40,559.00	01/01/05	12/31/05	4,095.91	81,290.50
2006	072-6030	88,620.00	79,920.00	01/01/06	12/31/06	86,141.54	86,141.54
		170,083.00	120,479.00			90,237.45	167,432.04

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
<u>NJ DEPARTMENT OF HUMAN SERVICES:</u>							
Division of Family Development:							
JOBS/Family Development Program:							
	1550-100-054- 7550-308	\$ 24,000.00 161,765.00 157,741.00 343,506.00	\$ 161,765.00 105,871.00 267,636.00	01/01/05 01/01/06 01/01/06	12/31/05 12/31/06 12/31/06	\$ 161,765.00 82,936.36 244,701.36	\$ 3,934.00 161,765.00 82,936.36 248,635.36
Division of Family Development:							
Food Stamp Program and Outreach							
	7550-072	77,309.00 77,309.00	38,395.00 38,395.00	01/01/04	12/31/04	-	77,090.00 77,090.00
TOTAL NJ DEPARTMENT OF HUMAN SERVICES							
		1,439,608.00	882,733.00			732,984.31	1,235,988.13
<u>NJ HISTORIC TRUST:</u>							
Historical Commission:							
Historic Trust:							
	N/A	23,000.00	4,600.00	01/01/05	12/31/05		23,000.00
	N/A	23,000.00	18,400.00	01/01/06	12/31/06	23,000.00	23,000.00
		46,000.00	23,000.00			23,000.00	46,000.00
TOTAL NJ HISTORIC TRUST							
		46,000.00	23,000.00			23,000.00	46,000.00
<u>NJ OFFICE OF EMERGENCY TELECOMMUNICATIONS SERVICE:</u>							
Enhanced 911 Consolidated Grant - Equipment							
	N/A	518,000.00	518,000.00	01/01/06	12/31/06		
Enhanced 911 Consolidated Grant - Consolidation							
	N/A	189,000.00	189,000.00	01/01/06	12/31/06		
General Assistance Grant							
	N/A	87,320.00	87,320.00	01/01/06	12/31/06	77,747.00	77,747.00
		794,320.00	794,320.00			77,747.00	77,747.00
TOTAL NJ OFFICE OF EMERGENCY TELECOMMUNICATIONS SERVICE							
		794,320.00	794,320.00			77,747.00	77,747.00

COUNTY OF WARREN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
NJ DEPARTMENT OF COMMUNITY AFFAIRS:							
Handicapped Person's Recreational Opportunities Act:							
2005	100-022-8050-	\$ 18,900.00	\$ 12,285.00	01/01/05	12/31/05	\$	\$ 18,900.00
2006	184-6130	13,250.00	4,637.50	01/01/06	12/31/06	\$	13,250.00
		<u>32,150.00</u>	<u>16,922.50</u>				<u>32,150.00</u>
Aging and Disability Resource Center							
		14,462.00	14,462.00	01/01/04	12/31/04		14,462.00
		<u>14,462.00</u>	<u>14,462.00</u>				<u>14,462.00</u>
TOTAL NJ DEPARTMENT OF COMMUNITY AFFAIRS							
		46,612.00	31,384.50			27,351.22	46,612.00
NJ TRANSIT CORPORATION:							
Senior Citizens and Disabled Residents Transportation: EC-8225							
NJ Transit - 2004		233,811.00		01/01/04	12/31/04		233,811.00
NJ Transit - 2005		434,060.30	238,477.84	01/01/05	12/31/05		434,060.30
Disabled Resident Transportation Assistance Program - 2006		584,499.45	290,344.48	01/01/06	12/31/06		521,847.84
NJ Transit - Section 5311 - 2005		106,944.01	23,011.37	01/01/05	12/31/05		29,573.52
NJ Transit - Section 5311 - 2006		115,740.00		01/01/06	12/31/06		28,672.00
NJ Transit - Route 57 Shuttle		87,068.00	87,068.00	01/01/06	12/31/06		87,068.00
		<u>1,562,122.76</u>	<u>638,901.69</u>			<u>735,045.76</u>	<u>1,335,032.66</u>
TOTAL NJ TRANSIT CORPORATION							
		1,562,122.76	638,901.69			735,045.76	1,335,032.66
NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION:							
County Environmental Health (CEHA)							
2004	100-042-4840-	159,176.00		01/01/04	12/31/04		159,176.00
2005	094-6110	412,500.00	46,088.37	01/01/05	12/31/05		159,500.00
2006		144,704.00	98,115.84	01/01/06	12/31/06		105,323.45
		<u>716,380.00</u>	<u>144,204.21</u>			<u>143,937.99</u>	<u>423,999.45</u>
Highlands Council Grant #06-033-04-2100							
		57,000.00		01/01/06	12/31/06		57,000.00
		<u>57,000.00</u>	<u>-</u>			<u>57,000.00</u>	<u>57,000.00</u>

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures
				From	To		
<u>NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION:</u>							
Clean Communities Program							
2004	4900-765-	\$ 39,252.07		01/01/04	12/31/04	\$ 26,306.41	\$ 39,252.07
2005	178920-60	38,991.76		01/01/05	12/31/05	16,938.90	16,938.90
2006		40,858.12	\$ 40,858.12	01/01/06	12/31/06	43,245.31	56,190.97
		119,101.95	40,858.12				
Stormwater Regulation Program	100-042-4840-085	20,000.00	2,500.00	01/01/05	12/31/05		667.50
		20,000.00	2,500.00				667.50
TOTAL NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION		912,481.95	187,562.33			244,183.30	537,857.92
<u>NJ OFFICE OF EMERGENCY MANAGEMENT:</u>							
Emergency Management Preparedness Grant							
2005	N/A	9,715.20		01/01/05	12/31/05	8,761.80	8,761.80
		9,715.20	-			8,761.80	8,761.80
TOTAL NJ OFFICE OF EMERGENCY MANAGEMENT		9,715.20	-			8,761.80	8,761.80
<u>NJ OFFICE OF TRAVEL AND TOURISM</u>							
Cooperative Marketing Sponsorship Program							
2005	N/A	10,500.00		01/01/05	12/31/05	9,917.16	9,917.16
		10,500.00	-			9,917.16	9,917.16
TOTAL NJ OFFICE OF TRAVEL AND TOURISM		10,500.00	-			9,917.16	9,917.16
<u>NJ DIVISION OF ARCHIVES AND RECORD MANAGEMENT</u>							
Public Archives and Records Infrastructure Support Grant(PARIS)							
2005	05-100-074-2545-	859,097.00	73,585.00	01/01/05	12/31/05	95,586.55	849,263.67
2006	033-6110	893,300.00	446,650.00	01/01/06	12/31/06	662,664.85	662,664.85
		1,752,397.00	520,235.00			758,251.40	1,511,928.52
TOTAL NJ DIVISION OF ARCHIVES AND RECORD MANAGEMENT		1,752,397.00	520,235.00			758,251.40	1,511,928.52
<u>PHILLIPSBURG BOARD OF EDUCATION:</u>							
Interlocal Service Agreement Phillipsburg Board of Education - Health Program 21st Century Grant - 4th Program							
2005	N/A	20,000.00		01/01/05	12/31/05	5,980.31	9,185.17
		20,000.00	-			5,980.31	9,185.17
TOTAL PHILLIPSBURG BOARD OF EDUCATION		20,000.00	-			5,980.31	9,185.17

COUNTY OF WARREN
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 YEAR ENDED DECEMBER 31, 2006
 (continued)

State Funding Department	State Grant Account #	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Cumulative Grant Expenditures	
				From	To			
NJ STATE COUNCIL ON THE ARTS: Council on the Arts (Local Support): 2005	2530-100-025- 2530-032	\$ 96,249.00	\$ 24,062.00	01/01/05	12/31/05	\$ 543.06	\$ 96,249.00	
		96,249.00	24,062.00			543.06	96,249.00	
	Special Project Support: GA #0510X030168	N/A	11,340.00	2,835.00	01/01/05	12/31/05	-	11,340.00
			11,340.00	2,835.00				11,340.00
Council on the Arts General Support 2005	2530-100-075- 2530-032	34,500.00	8,625.00	01/01/05	12/31/05		34,500.00	
		95,060.00	71,295.00	01/01/06	12/31/06	95,040.00	95,040.00	
2006		129,560.00	79,920.00			95,040.00	129,540.00	
TOTAL NJ STATE COUNCIL ON THE ARTS		237,149.00	106,817.00			95,583.06	237,129.00	
TOTAL STATE AWARDS		\$ 9,132,167.05	\$ 4,161,497.75			\$ 3,840,998.78	\$ 7,042,619.63	

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

COUNTY OF WARREN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2006

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state financial assistance programs of the County of Warren. The County of Warren is defined in Note 1 to the County's financial statements. All federal and state financial assistance received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the schedules of expenditures of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. THRESHOLD FOR FEDERAL AND STATE ASSISTANCE

The threshold for distinguishing federal Type A and B programs was \$319,336. The threshold for distinguishing state Type A and B programs was \$300,000. The County qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

E. STATE LOANS OUTSTANDING

The County of Warren has the following loans outstanding as of December 31, 2006:

Green Trust Loan Payable 1997 Issue	\$ 659,580.40
Green Trust Loan Payable 2001 Issue	398,063.41
	\$ 1,057,643.81

Currently the County is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.

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Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Belvidere, New Jersey

We have audited the financial statements of the County of Warren, (the "County") as of, and for the years ended, December 31, 2006 and 2005, and have issued our report thereon dated March 30, 2007, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Page 2

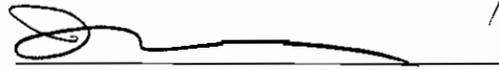
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the Board of Chosen Freeholders and management of the County, and to meet the requirements for filing with the Division of Local Government Services, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 30, 2007


NISIVOCCIA & COMPANY LLP


David H. Evans
Certified Public Accountant
Registered Municipal Accountant No. 98

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Independent Auditors' Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
and New Jersey NJOMB Circular 04-04

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Belvidere, New Jersey

Compliance

We have audited the compliance of the County of Warren (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (the "OMB") *Circular A-133 Compliance Supplement* and the State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2006. The County's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2006.

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Page 2

Internal Control Over Compliance

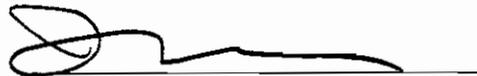
The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey NJOMB Circular 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the Board of Chosen Freeholders and management of the County, and to meet the requirements for filing with the Division of Local Government Services, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 30, 2007


NISIVOCCIA & COMPANY LLP



David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

COUNTY OF WARREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006

Summary of Auditors' Results:

- An unqualified report was issued on the County's financial statements prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses in the internal controls of the County.
- The audit did not disclose any material weaknesses in the internal controls of the County's major federal or state programs.
- An unqualified report was issued on the County's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 and New Jersey Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The County's major federal programs for the year ended December 31, 2006 consisted of the following awards:

	CFDA #		
Community Development Block Grant	14.288	\$	500,000.00
Title III Aging - Area Plan Grant	93.043 - 93.046		955,101.54
Department of Transportation - Road and Bridge Improvements	20.205		6,419,269.61

- The County's major state programs for the year ended December 31, 2006 consisted of the following awards:

	Account #		
New Jersey Transit Corporation:			
Senior Citizens and Disabled Residents Transportation Assistance Program	EC-8225	\$	735,045.76
Public Archives and Records Infrastructure Supplemental Grant	05-100-074-2545-033-6110		758,251.40

- The threshold for determining State Type A and B programs was \$300,000. A risk-based approach was used to determine major programs.
- The threshold for determining Federal Type A and B programs was \$319,336.
- The County qualified as a low-risk auditee under the provisions of Section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under generally accepted government auditing standards.

COUNTY OF WARREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2006

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in New Jersey Circular NJOMB 04-04.

COUNTY OF WARREN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2006

None

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COUNTY OF WARREN

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2006

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COUNTY OF WARREN
OTHER COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2005 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$21,000, and with qualified purchasing agent the threshold may be up to \$29,000.

The governing body of the County of Warren has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the County Counsel's opinion should be sought before a commitment is made.

COUNTY OF WARREN
OTHER COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising for various applicable goods and services.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services".

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the revision of 1987 draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The County maintains an encumbrance and general ledger accounting system. The County also maintains a fixed asset system; however, newly acquired assets are not being tagged. The items that are not being tagged do not have a material impact on the overall totals for the general fixed assets account group. The items which were tested could also easily be located; therefore no formal recommendation is deemed necessary.

COUNTY OF WARREN
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None

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APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of July 31, 2007 by the County of Warren, 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 County College Bonds dated their date of delivery in the aggregate principal amount of \$5,500,000 (the "Bonds") on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on July 18, 2007; and

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

WHEREAS, the Issuer represented in its Notice of Sale dated July 9, 2007 (the "Notice of Sale") that it would deliver on the closing date for the Bonds a "Continuing Disclosure Certificate" pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices to various information repositories required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on July 18, 2007, the Issuer accepted the bids of _____ on behalf of itself and each of the original underwriters for the Bonds (each, a "Participating Underwriter") for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

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

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

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

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

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

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

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

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

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

“Final Official Statement” means the final Official Statement of the Issuer dated July 18, 2007 pertaining to the Bonds.

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board. The address of the MSRB as of the date of this Certificate is:

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

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

- (a) Standard & Poor’s Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, New York 10041
Phone: (212) 438-4595
Telecopier: (212) 438-3975
- (b) Bloomberg Municipal Repository
Attention: Municipal Department
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Telecopier: (609) 279-5962
- (c) DPC Data, Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Phone: (201) 346-0701

Telecopier: (201) 947-0107

- (d) FT Interactive Data
Attn: Repository
100 Williams Street
New York, NY 10038
Phone: (212) 771-6899
Telecopier: (212) 771-7390

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Final Official Statement under the headings entitled , “Largest Taxpayers”, “Proposed Capital Budget and Capital Improvement Program for Year 2007-2012”, “2007 Capital Budget (Current Year Action)”, “Current Fund Revenue Sources”, “Current Fund Balances And Amounts Utilized in Current Year’s Budget”, “Real and Personal Tangible Property Valuations”, “2006 Property Valuations and Tax Rates”, “Net Assessed and Equalized Valuations of Real and Personal Tangible Property”, “Tax Levies and Collections”, “Added, Omitted and Rollback Taxes”, “Comparison of Total Tax Levies to Annual Debt Service Requirements”, “County Budget”, “County Debt Information”, “Statutory Debt Information (As of December 31, 2006)”, “Statutory Borrowing Power (As of December 31, 2006)”, “Trend of Statutory Remaining Borrowing Power (As of December 31, for years shown)”, “Permanent Debt Issued and Outstanding (As of December 31, 2006)”, “Schedule of Annual Debt Service Requirements on the County’s Tax Supported Bonded Debt (As of December 31, 2006)”, and “Direct, Overlapping and Underlying Debt Issued and Outstanding As of December 31, 2006”.

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

“State” means the State of New Jersey.

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

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

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

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than September 1 of each year, commencing with the first Fiscal Year of the Issuer ending after January 1, 2007 an Annual Report to each Repository;

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

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

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds;
- (viii) Bond calls;
- (ix) Defeasances;

- (x) Release, substitution, or sale of property securing repayment of the Bonds; and
- (xi) Rating changes.

(e) In a timely manner, to each National Repository or to the MSRB and to the appropriate State Depository, if any, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

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

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

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

Section 2.3 Form of Annual Report.

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

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

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

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

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with each National Repository or with the MSRB and the State Repository (the "Disclosure Event Notice") in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (ii) file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

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

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

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

ARTICLE III
DISCLOSURE DEFAULT AND REMEDIES

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

Section 3.2 Remedies on Default.

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

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

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

ARTICLE IV MISCELLANEOUS

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

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, Wayne Dumont, Jr. Administration Building, 165 County Road, 519 South, Belvidere, New Jersey 07823-1949, Attention: Chief Financial Officer.

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

Section 4.5 Amendments, Changes and Modifications.

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

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

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

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

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

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

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

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

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to each of the Repositories written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

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

IN WITNESS WHEREOF, THE COUNTY OF WARREN, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

[SEAL]

ATTEST:

COUNTY OF WARREN, NEW JERSEY

Name:

Title:

Name: Charles L. Houck

Title: Chief Financial Officer

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Gibbons P.C.
One Gateway Center
Newark, NJ 07102-5310

July __, 2007

Board of Chosen Freeholders
County of Warren
Wayne Dumont, Jr. Administration Building
165 County Road, 519 South
Belvidere, New Jersey 07823-1949

Dear Board Members:

We have examined certified copies of the proceedings of the Board of Chosen Freeholders of the County of Warren, 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 \$5,500,000 aggregate principal amount of County College Bonds, Series 2007, dated their date of delivery consisting of \$2,750,000 County College Bonds, Series 2007 A (the "Series 2007 A Bonds") and \$2,750,000 County College Bonds, Series 2007 B (County College Bonds Act, P.L. 1971, c. 12) (the "Series 2007 B Bonds") (collectively, the "Series 2007 Bonds").

The Series 2007 Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law") and where appropriate, Title 18A, Education of the New Jersey Statutes, as amended (the "Education Law"), a resolution of the Board of Chosen Freeholders adopted on June 27, 2007 (the "Resolution") and by virtue of various bond ordinances of the County (the "Bond Ordinance").

Each of the Series 2007 Bonds is dated the date of delivery, bears interest at the interest rates and matures on the dates and in the principal amounts as set forth below:

Series 2007 A Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$140,000	2016	\$185,000
2009	145,000	2017	195,000
2010	150,000	2018	200,000
2011	155,000	2019	210,000
2012	160,000	2020	220,000
2013	165,000	2021	230,000
2014	175,000	2022	240,000
2015	180,000		

Series 2007 B Bonds

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2008	\$140,000	2016	\$185,000
2009	145,000	2017	195,000
2010	150,000	2018	200,000
2011	155,000	2019	210,000
2012	160,000	2020	220,000
2013	165,000	2021	230,000
2014	175,000	2022	240,000
2015	180,000		

The Series 2007 Bonds are subject to redemption prior to maturity.

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

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

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Series 2007 Bonds pursuant to the Local Bond Law, the Education Law and other applicable provisions of law, and that the Series 2007 Bonds have been duly authorized,

executed and delivered and are valid and legally binding obligations of the County. The Series 2007 B Bonds are entitled to the benefits of the provisions of the County College Bond Act, N.J.S.A. 18A:64A-22.1 et. seq.

2. The County has the power and is obligated to levy ad valorem taxes upon all the taxable property within the County for the payment of the principal of and interest on the Series 2007 Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Series 2007 Bonds is excluded from the gross income of the owners of the Series 2007 Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Series 2007 Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. We express no opinion regarding any other Federal income tax consequence arising with respect to the Series 2007 Bonds.

4. Under existing law, interest on the Series 2007 Bonds and net gains on the sale of the Series 2007 Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2007 Bonds in order for interest on the Series 2007 Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The County has covenanted to comply with the provisions of the Code applicable to the Series 2007 Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Series 2007 Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Series 2007 Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the County with the above covenants in rendering our opinion with respect to the exclusion of interest on the Series 2007 Bonds from gross income for Federal income tax purposes and with respect to interest on the Series 2007 Bonds not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the County other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Series 2007 Bonds.

Our opinion concerning the enforceability of the Series 2007 Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Series 2007 Bonds.

Very truly yours,

GIBBONS P.C.

APPENDIX D

FORM OF SPECIMEN INSURANCE POLICY

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Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.



Authorized Officer of Insurance Trustee

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