

OFFICIAL STATEMENT DATED NOVEMBER 6, 2019

New Issue – BOOK-ENTRY ONLY

Ratings: See “RATINGS” herein

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), applicable to the Bonds and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

\$56,240,000
COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019
(BOOK-ENTRY ONLY ISSUE)

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The \$56,240,000 aggregate principal amount of the County of Ocean, New Jersey (the “County”) General Obligation Refunding Bonds, Series 2019 (the “Bonds”) shall be issued in the form of one Bond certificate for the aggregate principal amount of Bonds maturing in each year. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, (“DTC”), which will act as security depository (the “Securities Depository”). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interest of its participants or the transfers of the interest among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 or more through book entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry Bond owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased (See “BOOK-ENTRY-ONLY TRANSFER SYSTEM FOR THE BONDS” herein).

The Bonds are not subject to optional redemption prior to maturity.

Interest on the Bonds will be payable on February 1, 2020 and semiannually thereafter on the 1st day of February and August in each year until maturity. Principal and interest on the Bonds will be paid to the Securities Depository by the County. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each preceding January 15 and July 15 (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are general obligations of the County. The County is authorized and required by law to levy ad valorem taxes upon all taxable real property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The County will apply the proceeds of the Bonds to: (i) currently refund certain general improvement bonds previously issued by the County (collectively, the “Prior Bonds”); and (ii) pay costs associated with the issuance of the Bonds. The Prior Bonds include: (i) the taxable maturities of the County’s General Improvement Bonds, Series 2009A, dated September 3, 2009, (ii) the taxable maturities of the County’s General Improvement Bonds, Series 2010A, dated August 11, 2010, (iii) the County’s General Obligation Refunding Bonds, Series 2010 dated August 11, 2010, and (iv) certain of the County’s General Improvement Bonds (Ocean County College-Gateway Building Project), Series 2010, dated December 30, 2010 (See “PURPOSE OF THE REFUNDING BONDS” herein).

FOR THE MATURITY SCHEDULE SEE THE INSIDE FRONT COVER HEREOF

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information critical to making an informed investment decision.

The Bonds are offered when, as and if issued and subject to the approving legal opinion of GluckWalrath LLP, Trenton, New Jersey. Certain legal matters will be passed upon for the Underwriters by their Counsel, Parker McCay P.A., Mount Laurel, New Jersey. The Bonds will be available for delivery in definitive form through DTC in Jersey City, New Jersey on or about November 19, 2019.

Citigroup
RBC Capital Markets

\$56,240,000 General Obligation Refunding Bonds, Series 2019

<u>Maturity August 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2020	\$7,775,000	5.00%	1.13%	674736GQ0
2021	5,465,000	5.00	1.14	674736GR8
2022	5,770,000	5.00	1.16	674736GS6
2023	6,140,000	5.00	1.19	674736GT4
2024	4,305,000	5.00	1.23	674736GU1
2025	4,450,000	5.00	1.29	674736GV9
2026	4,615,000	5.00	1.37	674736GW7
2027	4,775,000	5.00	1.44	674736GX5
2028	4,945,000	5.00	1.52	674736GY3
2029	5,125,000	5.00	1.61	674736GZ0
2030	2,875,000	5.00	1.69	674736HA4

* Copyright 2006, American Bankers Association. CUSIP data herein is provided by CUSIP Global Service, which is managed on behalf of American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the County nor the Underwriters take any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

COUNTY OF OCEAN, NEW JERSEY

BOARD OF CHOSEN FREEHOLDERS

**Virginia E. Haines
Director**

**John P. Kelly
Deputy Director**

**Gerry P. Little
Freeholder**

**Gary Quinn
Freeholder**

**Joseph H. Vicari
Freeholder**

COUNTY ADMINISTRATION

**Carl W. Block
County Administrator**

**Mary Ann Cilento
Clerk of the Board of Chosen Freeholders**

**Julie N. Tarrant
Comptroller & Chief Financial Officer**

**Michael J. Fiure
Assistant Administrator
Management & Budget Director**

**Anthony M. Agliata
Planning Director**

PROFESSIONAL SERVICES

**Robert W. Allison, C.P.A., R.M.A.
County Auditor**

**John C. Sahradnik, Esquire
County Counsel**

**GluckWalrath LLP
Bond Counsel**

**PFM Financial Advisors LLC
Financial Advisor**

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS WITHOUT PRIOR NOTICE.

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. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 Bonds have not been registered under the Securities Act of 1933, as amended. In making an investment decision, investors must rely upon their own examination of the Bonds and the security therefor, including an analysis of the risk involved. The Bonds have not been recommended by any Federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references 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. In addition, references to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THE OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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 circumstance, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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OFFICIAL STATEMENT

\$56,240,000

COUNTY OF OCEAN, NEW JERSEY

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

INTRODUCTION

This Official Statement, which includes the cover page and the appendices, has been prepared by the County of Ocean (the “County”) in the State of New Jersey (the “State”) and provides certain information regarding the financial and economic condition of the County in connection with the sale of \$56,240,000 aggregate principal amount of the County’s General Obligation Refunding Bonds, Series 2019 (the “Bonds”).

DESCRIPTION OF BONDS

The Bonds are dated the date of delivery and will mature in the following principal amounts on August 1 in each of the following years:

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2020	\$7,775,000	5.00%	1.13%
2021	5,465,000	5.00	1.14
2022	5,770,000	5.00	1.16
2023	6,140,000	5.00	1.19
2024	4,305,000	5.00	1.23
2025	4,450,000	5.00	1.29
2026	4,615,000	5.00	1.37
2027	4,775,000	5.00	1.44
2028	4,945,000	5.00	1.52
2029	5,125,000	5.00	1.61
2030	2,875,000	5.00	1.69

The Bonds shall be issued in the form of one bond certificate for the aggregate principal amount of the Bonds maturing in each year.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, (“DTC”), which will act as securities depository (the “Securities Depository”). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interest of its participants or the transfers of the interest among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 or more through book entries made on the book and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry Bond owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. (See “BOOK-ENTRY-ONLY TRANSFER SYSTEM FOR THE BONDS” herein).

Interest on the Bonds will be payable on February 1, 2020 and semiannually thereafter on the 1st day of February and August in each year until maturity. Principal and interest on the Bonds will be paid to the Securities Depository by

the County. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each preceding January 15 and July 15 (the “Record Dates”) for the payment of interest on the Bonds.

PURPOSE OF THE REFUNDING BONDS

The County will apply the proceeds of the Bonds to: (i) currently refund certain general improvement bonds previously issued by the County (collectively, the “Prior Bonds”) and (ii) pay costs associated with the issuance of the Bonds. The Prior Bonds include: (i) the taxable maturities of the County’s General Improvement Bonds, Series 2009A, dated September 3, 2009 (the “Series 2009A Bonds”), maturing August 1, 2020 through August 1, 2029 (such bonds constituting Build America Bonds (Direct Pay)); (ii) the taxable maturities of the County’s General Improvement Bonds, Series 2010A, dated August 11, 2010 (the “Series 2010A Bonds”), maturing August 1, 2020 through August 1, 2030 (such bonds constituting Build America Bonds (Direct Pay)); (iii) the County’s General Obligation Refunding Bonds, Series 2010, dated August 11, 2010 (the “Series 2010 Refunding Bonds”), maturing August 1, 2020 through August 1, 2023; and (iv) the County’s General Improvement Bonds (Ocean County College-Gateway Building Project), Series 2010, dated December 30, 2010 (the “Series 2010 Gateway Bonds”), maturing December 1, 2020 through December 1, 2030. The Series 2010 Refunding Bonds were issued to advance refund a portion of the County’s General Improvement Bonds, Series 2001, its General Improvement Bonds, Series 2002 and its General Improvement Bonds, Series 2003. The Series 2009A Bonds, the Series 2010A Bonds and the bonds refunded by the Series 2010 Refunding Bonds were issued to finance various capital projects consisting of, among others, facility improvements, acquisition of land, construction, reconstruction and resurfacing projects. The Series 2010 Gateway Bonds were issued to finance a portion of the costs of constructing the hereinafter-defined Gateway Building. The Prior Bonds are being refunded to achieve debt service savings.

The Series 2010 Gateway Bonds were issued by the County on behalf of Ocean County College (“OCC”). Proceeds of the Series 2010 Gateway Bonds were used by OCC to pay a portion of the costs of construction of an approximately 75,000 square foot academic building (the “Gateway Building”) on the campus of OCC in Toms River, New Jersey, to be used jointly by OCC and Kean University. The remaining costs of the constructing the Gateway Building were provided by the Kean University Foundation, Inc. (the “Foundation”) from proceeds of revenue bonds issued by The Bergen County Improvement Authority on behalf of the Foundation. The Gateway Building was constructed on a portion of an approximately 34 acre site owned by OCC. OCC and the Foundation entered into a ground lease whereby the Foundation leases fifty percent of the acreage of the site from OCC. OCC and the Foundation also entered into an ownership and operating agreement whereby each party financed fifty percent of the costs associated with the construction of the Gateway Building, and bears fifty percent of the costs of operation. The Foundation has subsequently assigned to Kean University all of its rights and obligations under said ground lease and said ownership and operating agreement.

VERIFICATION

A portion of the proceeds of the Bonds, together with other moneys of the County, will be deposited into an escrow fund in accordance with the terms of an escrow deposit agreement (the “Escrow Agreement”) to be dated the date of issuance of the Bonds between the County and TD Bank, National Association, Cherry Hill, New Jersey, as escrow agent (the “Escrow Agent”). Pursuant to the Escrow Agreement, the Escrow Agent will apply such proceeds to the purchase of United States Treasury Securities – State and Local Government Series or certain open market securities, the maturing principal of which along with interest thereon shall, together with any uninvested cash, be sufficient to provide for the principal and redemption price of and interest on the Prior Bonds when due through their respective redemption dates. Holman Frenia Alison, P.C. of Toms River, New Jersey will verify the accuracy of the mathematical computations of the adequacy of the maturing principal amount of government securities, together with the interest thereon, to be deposited, together with the uninvested cash, with the Escrow Agent for the Prior Bonds in order to provide for payment when due of the principal and redemption price of and interest on such Prior Bonds through their respective redemption dates.

SECURITY FOR THE BONDS

In the opinion of Bond Counsel, the full faith and credit of the County is irrevocably pledged for the payment of the principal of the Bonds and the interest thereon. The Bonds and the interest thereon will be valid and binding obligations of the County and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable real property within the County without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies now existing or hereafter enacted.

AUTHORIZATION

The Bonds have been authorized and are to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"). The Bonds are authorized by a Refunding Bond Ordinance finally adopted by the Board of Chosen Freeholders of the County on October 2, 2019 (the "Refunding Bond Ordinance") and by a resolution adopted by the Board of Chosen Freeholders of the County on October 2, 2019. The Refunding Bond Ordinance providing for the sale of the Bonds was published on October 4, 2019 after adoption along with the statement that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the Refunding Bond Ordinance can be commenced began to elapse from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be stopped from questioning the sale, execution or delivery of the Bonds by the County.

The terms of sale of the Bonds will be in accordance with N.J.S.A. 40A:2-51(c) and N.J.A.C. 5:30-2.5, which permit the authorization and issuance of refunding bonds without the approval of the Local Finance Board where the issuance of such refunding bonds realizes debt service savings on the outstanding obligations and all of the conditions set forth in N.J.A.C. 5:30-2.5 are present.

BOOK-ENTRY-ONLY TRANSFER SYSTEM FOR THE BONDS

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the County. Accordingly, the County does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such series and maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a

Standard and Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com 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 affect 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond 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 notices be provided directly to them.

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 an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as the Bonds of a series are held by DTC under a book-entry system, payments of principal, premium, if any, and interest on the Bonds of such series 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 Authority or the Trustee, 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, Authority or the Trustee, 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 Authority or the Trustee, 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 of such series at any time by giving reasonable notice to the Authority or its 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 prepared and delivered to DTC.

UNLESS OTHERWISE NOTED, THE INFORMATION CONTAINED IN THE PRECEDING PARAGRAPHS OF THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN OBTAINED FROM SOURCES THE COUNTY BELIEVES TO BE RELIABLE, BUT NEITHER THE COUNTY NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COUNTY NOR THE UNDERWRITERS MAKE ANY REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION, OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY ANY DTC PARTICIPANT; (II) ANY NOTICE (INCLUDING ANY NOTICE OF REDEMPTION) THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BOND OWNERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, PREMIUM (IF ANY) OR INTEREST DUE ON THE BONDS; (IV) THE SELECTION BY DTC OR DTC PARTICIPANTS OF ANY PERSON TO RECEIVE A PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC, AND THE REGISTERED OWNER OF THE BONDS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

COUNTY OF OCEAN

General Information

Ocean County, the second largest county in the State of New Jersey ("State") with 634 square miles, is located in the east central area of the State along the Atlantic Ocean. The County has 45 miles of oceanfront and more than 150 miles of bay fronts and estuaries. Toms River, the County seat, is centrally located in the County 60 miles from New York City and 50 miles from Philadelphia. Toms River is also 50 miles from Atlantic City. The County is easily accessible from these metropolitan areas via the Garden State Parkway and major state roadways. By means of progressive land use planning and responsible capital improvement programming, the area has maintained residential, commercial and industrial growth while preserving the integrity of the existing Ocean County "quality of life" and the open space environment.

Governmental Structure

The County is governed by a five (5) member Board of Chosen Freeholders (the "Board") who are elected for terms of three (3) years and who may succeed themselves. The structure of the Board represents the County-at-large. The Board operates under a form of government whereby each Freeholder is responsible for a major department of County government. Professional department heads in County government are appointed by the Board and are responsible to the chairman and the committee charged with a specific operation. The County's Employment practices are governed by the New Jersey Civil Service Act and the Board abides by the regulations of the New Jersey Civil Service Commission.

County employees are enrolled in one of three State retirement systems. Contributions are made to the systems by both employer and employees. Effective July 1, 2018, the pension rate for the Public Employees Retirement System was increased to 7.50 percent from 7.34 percent. County employees are also enrolled in the Social Security system and are covered by the New Jersey State Health Benefits Plan, prescription drug plans, dental, vision care plans, workman's compensation, disability insurance and an optional deferred compensation plan. Each year, with the assistance of a professional labor negotiator, the Board decides average salary increases for County employees. As of September 30, 2019, 13 of the 21 bargaining units representing County employees have executed contracts. In September 2019, the PBA #258 Correction Officers filed a petition for Compulsory Interest Arbitration with the State Public Employment Relations Commission. The Commission's assigned arbitrator shall render a decision no later than 90 days after the assignment of arbitrator; the decision is expected by January 7, 2020 unless parties settle prior.

Population

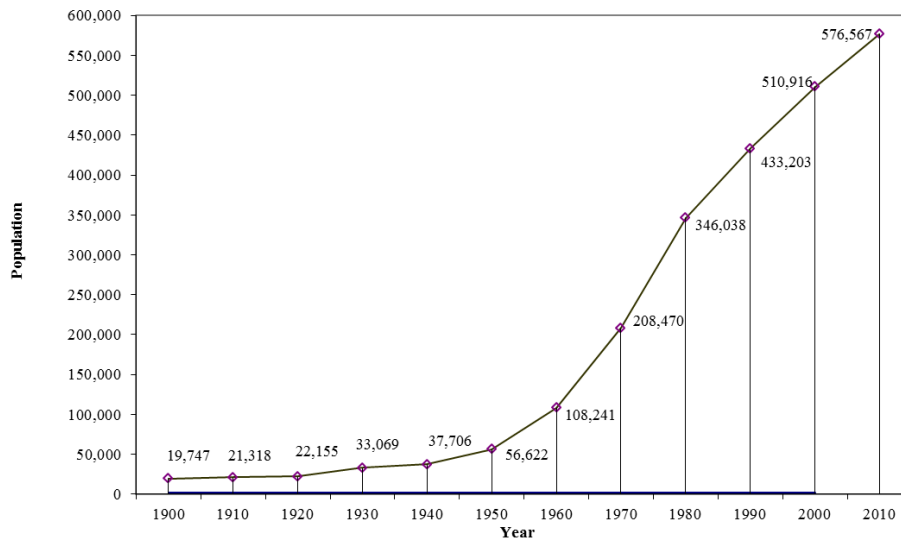
Dynamic, orderly population growth trends continue to characterize the County's economy. While the County has traditionally been noted as a resort, tourist, and vacation area with dozens of famous resort communities along its coast

and on its off-shore barrier beach islands following the coastline, the County has changed dramatically in the past 25 years.

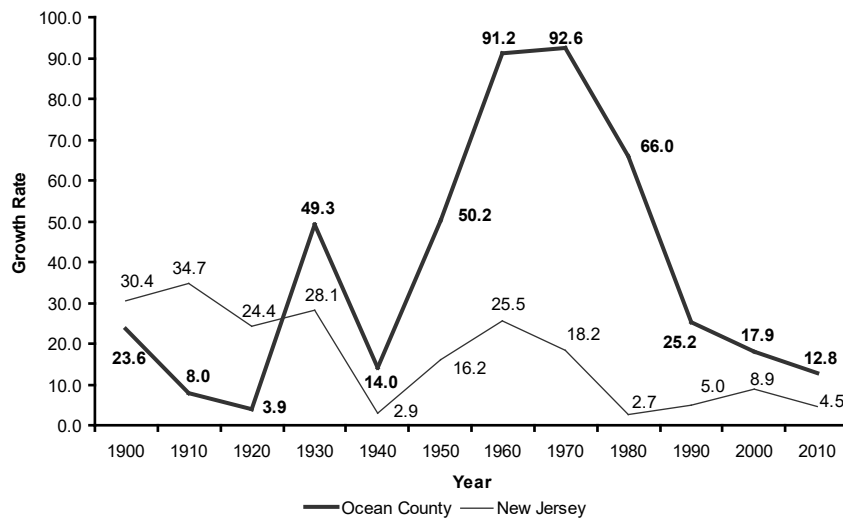
After leading the State with dramatic population growth from 1950 to 2000, the County's population growth rate has decreased to 12.8 percent, behind Gloucester County's growth rate of 13.2 percent. The 2010 population of the County was 576,567 according to the U.S. Census, February 2011. The North Jersey Transportation Planning Authority's adopted municipal forecasts (2017) estimates that Ocean County's 2015 population of 585,735 is projected to increase to 755,963 in 2045.

The rapid population growth over the last three decades has transformed the economic base of the County from primarily seasonal to a diversified year round economy. A continually expanding workforce, coupled with readily developable and relatively inexpensive land, abundant water supplies and a modern and expanding regional sewer network offer unusual opportunities for the development of clean decentralized industry, corporate headquarters and commercial and residential growth.

Population Growth – Ocean County 1900-2010



Population Growth Trends – State of New Jersey and Ocean County 1900-2010



Land Area

Most of the historic development in the County occurred along the coast and bay corridor, particularly in the northern part of the County. The most rapid period of development occurred between 1960 and 1990, and was due in large part to the direct transportation access provided by the Garden State Parkway. In recent years, significant growth has expanded to the southern and northwestern areas of the County. Retirement communities represent a significant portion of the inland development. However, the majority of the western inland region remains undeveloped and rural in character.

Economy

The County continues to diversify its economic base, since its transformation to a year-round economy. However, the ocean and bay-front areas still provide a significant recreation industry in the County. The traditional three month summer season has expanded to six months beginning in May and ending in October, with many special events held throughout the year. Overall, the County's economy is expanding in the health care, retail, service, and construction sectors.

The County continues to attract businesses seeking to take advantage of the County's strategic regional location and to service a growing population within the County. The center of the County is approximately sixty miles south of New York City and 50 miles east of Philadelphia. The Garden State Parkway and Interstate 195 are limited access highways, which have several interchanges located in the County. In addition, Ocean County Airport is a County owned and maintained facility located just outside of Toms River. The airport is a full service general aviation facility accommodating planes and small business jets.

The expansion of the County's economic base is exemplified by the highly successful Lakewood Industrial Park, which is the second largest municipal industrial park in New Jersey. The park has three separate campuses, which provide over 8.5 million square feet of industrial and warehousing space adjacent to major highways. One campus also has access to rail freight service. There are currently 350 companies, including subsidiaries, at the Lakewood Industrial Park, employing over 10,000 people, including seasonal help. In addition to Lakewood, eight other municipalities in the County have industrial parks in varying stages of planning and development.

Employment

The 2018 Annual Average Labor Force Estimate for the County was 267,000. The Annual Average Ocean County residents employed in 2018 was 255,500; resulting in an unemployment rate of 4.3%, down from 4.8% in 2017. Ocean County's strong growth and residential construction sector continue to be a driving force in the economy. Labor and employment estimates are as reported by the New Jersey Department of Labor (April 2019).

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Listed below are the leading employers in the County as reported by the County Planning Department.

Leading Employers in Ocean County

Employer	Location	Number of Employees (Approximate)
Six Flags Theme Parks, Inc.	Jackson	4,000 *
County of Ocean, New Jersey	Ocean County	2,912 ¹
Community Medical Center	Toms River	2,700
Meridan Health Systems	Brick, Jackson, Lakewood, Long Beach, Manchester, Point Pleasant, Stafford, Toms River	2,320
Toms River Regional School District	Beachwood, Pine Beach, South Toms River, Toms River	2,018 ₂
Joint Base McGuire-Dix-Lakehurst	Jackson, Lakehurst, Manchester, Plumsted	2,012 ₃
Jackson Township School District	Jackson	1,437 ₂
Wawa	Barnegat, Berkeley, Brick, Jackson, Lacey, Lakehurst, Lakewood, Little Egg Harbor, Long Beach, Manchester, Ocean, Plumsted, Ship Bottom, Stafford, Toms River, Tuckerton	1,403
Brick Township School District	Brick	1,340 ₂
Stop & Shop	Brick, Jackson, Lakewood, Manchester, Point Pleasant, Toms River	1,290
The Home Depot	Brick, Lacey, Lakewood, Stafford, Toms River	1,049
Walmart	Brick, Lacey, Stafford, Toms River	1,009
Ocean County College	Stafford, Toms River	1,000
Lakewood Township School District	Lakewood	958 ₂
Casino Pier, LLC	Seaside Heights	875
Jenkinson's Pavilion, Inc.	Point Pleasant Beach	750 *
Lowe's Home Improvement	Brick, Manchester, Stafford, Toms River	635
Georgian Court University	Lakewood	625
Manchester Board of Education	Manchester Township	611 ₂
Lacey Township School District	Lacey Township	592 ₂

Notes:

These figures may include full time, part time, and temporary employees, and may fluctuate seasonally.

Figures have been verified by phone and/or corporate websites unless otherwise indicated.

¹ This figure represents all County agencies, including the Ocean County Library, Mosquito Commission, Health Department and Board of Social Services, 2018.

² State of New Jersey Department of Education, DOE Data Reports 2017-2018. Part time employees are included as

³ This figure represents civil servants and contractors employed at Navy Lakehurst and CERDEC Flight Activity only. Total Joint Base employment is approximately 42,000.

* Seasonal

Prepared by: Ocean County Department of Planning, December 2018.

Development Approvals

In 2018, the Ocean County Planning Board approved 1,304,172 square feet of new commercial development, down from 1,322,237 square feet in 2017. 323,346 square feet of industrial space was approved in 2018. The number of industrial space development approvals can change significantly from year to year because of the large size of individual projects. A total of 1,196 new lots were created in 2018. According to the New Jersey Department of Labor, Ocean County issued a total of 2,268 building permits in 2018, ranked 5th of all counties in the State.

Residential Construction Authorized by Building Permits New Jersey Counties 2015-2018

COUNTY	2015	2016	2017	2018
Atlantic County	710	1,083	1,137	1,014
Bergen County	2,671	3,011	3,048	2,536
Burlington County	892	835	1,141	1,295
Camden County	1,040	528	1,265	789
Cape May County	614	638	815	641
Cumberland County	237	138	113	82
Essex County	3,214	2,403	2,472	2,176
Gloucester County	738	727	778	632
Hudson County	5,060	4,195	5,103	4,258
Hunterdon County	425	354	285	623
Mercer County	896	705	607	515
Middlesex County	2,990	2,446	2,742	2,471
Monmouth County	1,399	1,952	1,560	1,895
Morris County	2,262	1,749	1,836	1,845
Ocean County	2,621	2,624	3,147	2,268
Passaic County	507	397	587	630
Salem County	43	50	41	56
Somerset County	1,551	999	857	1,325
Sussex County	216	169	94	157
Union County	2,185	1,491	1,093	2,322
Warren County	289	257	172	109
New Jersey	30,560	26,751	28,893	27,639

Source: U.S. Bureau of the Census, Manufacturing & Construction Division
Prepared by: Ocean County Department of Planning, May 2019

Transportation

A network of State Highway routes links the County with other parts of New Jersey and the eastern seaboard. U.S. Route 9 and the Garden State Parkway provide ready access for north-south travel and extend north to the New York metropolitan area and south past Atlantic City to Cape May. State Highway 70 crosses the County at its widest point and provides access to Philadelphia and points west. Interstate 195, in the northern part of the County, provides

highway service from the Trenton area to the shore. There are 127 miles of State highways within the County, 638 miles of County roads and 1,320 miles of municipal roads.

Ocean County has been providing county transportation service since 1977. Ocean Ride is the county-wide transportation system and serves as the paratransit provider operated by the Ocean County Department of Transportation Services. The County transportation system is funded through a variety of state and federal grants as well as County funds. As of May 2019, the system fleet totals 66 vehicles, which includes transit buses, mini-buses, mini-vans and passenger cars.

Ocean Ride provides a system of nine (9) fixed bus routes and two (2) Shoppers Loop Specials. This system offers discounted rates for seniors, persons with disabilities, and college students, providing feeder service to existing transit routes. The routes link the most populated areas of the County with local shopping, governmental, healthcare and transit facilities. During 2018, Ocean Ride service provided 320,075 passenger trips system-wide. In addition, Ocean Ride provides a County-wide Reserve-A-Ride program which offers door-to-door transportation service mainly intended to serve areas of the County not served by the fixed bus route system, based on advance reservation requests from eligible riders. There are three (3) types of Reserve-A-Ride services:

Reserve-A-Ride (Advance Reservation) – service available to those who need travel to pre-scheduled appointments for non-emergency medical service such as doctor appointments and treatments. Up to four (4) weeks advance notice is allowed. A modest fare has been implemented and discounted for those with a Medicare PAAD card.

Stand-By Trip – service available to those with last minute travel needs based on system availability. Typical trips utilizing this service are flexible and do not require a specific appointment or time schedule such as shopping. A modest fare is charged and discounted for those with a Medicare PAAD card.

Standing Order – service available to those requiring three (3) or more trips per week to the same Medical Facility such as Chemotherapy, Radiation and Physical Therapy. Reservations may be made up to four (4) weeks in advance. A modest fare is charged and discounted for those with a Medicare PAAD card.

Specialized transit service is also available for Ocean County veterans needing transportation to major, out of county VA hospitals. Ocean Ride has also continued its efforts to provide bus service for welfare recipients and lower income residents through the New Jersey Jobs Access Reverse Commute (NJ JARC) program. The *OC 10 Toms River Connection* fixed bus route service is one of the top three successful JARC funded projects currently in operation in the State of New Jersey. The Ocean County Transportation Advisory Committee for Senior Citizens and Persons with Disabilities was created to review and recommend appropriate strategies and policies to address the growing demand for specialized transportation service. You may visit their website at www.co.ocean.nj.us/Transportation for more information.

Educational Facilities

From pre-kindergarten through 12th grade, to specialized academic and vocational high school programs, to higher education at Ocean County College, Kean University, Stockton University and Georgian Court University, the various public and private school systems are keeping pace with changing times and the growing needs of the County's population. There are 115 public elementary, middle and high schools in the County. The County maintains the largest public library system in the State, headquartered in Toms River, with 21 branches. The library system has been expanding and improving the libraries within the constituent municipalities.

In 2018, the County public school population was 68,215. There is a vocational technical school that offers both vocational training and comprehensive high school programs at nine different campuses throughout the County. The Marine Academy of Technology and Environmental Science (MATES) of the Ocean County Vocational-Technical School offers a full-time high school program with concentration in math and science, specializing in marine and environmental science studies. The Performing Arts Academy and the Academy of Law and Public Safety are two other full time programs offered by the Ocean County Vocational Technical School. Ocean County College in Toms River Township offers two-year degree programs and a variety of adult education courses. The County College is funded by the Board and the State. The County College has joined with Kean University to offer students the ability to continue for a four-year degree program, as well as a master's program, at the Toms River Township campus. The

County College has also announced a new dual admission and transfer partnership with Stockton University (located in nearby Atlantic County) that will help students make a smooth transition from the two-year college to Stockton’s bachelor’s degree programs.

Public school enrollments for the past 10-year period reflect the trends shown below.

Ocean County Public School Enrollments

2018.....	68,215
2017.....	68,679
2016.....	68,738
2015.....	70,327
2014.....	70,835
2013.....	71,385
2012.....	72,446
2011.....	72,120
2010.....	75,065
2009.....	75,722

Source: Office of Ocean County Superintendent of Schools

Health Care Facilities

The County provides a wide variety of public services including various clinics, senior health counseling, health education, an environmental health department, a visiting homemaker’s service, a public health nursing service, as well as funding for three alcohol rehabilitation centers and two mental health centers. Blue Cross/Blue Shield operates a health care facility in Brick Township.

The County is serviced by hospitals in a number of municipalities, including the Community Medical Center Toms River and Monmouth Medical Center South Lakewood, which are part of RWJ Barnabas Health, Ocean Medical Center in Brick and Southern Ocean Medical Center in Manahawkin which are part of Hackensack Meridian Health. These hospitals provide about 1,528 beds to residents in different regions of the County. The RWJ Barnabas Health Care System includes another nine (9) New Jersey hospitals and is the State's largest health care system. In addition, the United States Veterans Administration operates an outpatient health center in Brick Township that serves six (6) counties in the region.

Community Medical Center is a fully accredited acute care hospital and maintains national accreditation in multiple specialty areas. Highly sophisticated services, not typically found in a community hospital, include advanced cancer, cardiac, emergency, maternity and neurology care, as well as cutting edge surgical care. Patients have access to advanced technology including the daVinci Xi robotic surgical platform, Mako Robotic-Arm Assisted Surgery System for joint replacement procedures and state-of-the-art imaging technology. In addition, the cancer center features one of the most sophisticated linear accelerators used for radiation therapy, a CyberKnife for treating inoperable tumors and holistic therapies to care for the whole person. Community Medical Center provides a broad array of health and wellness programs designed to help people achieve and maintain healthy lifestyles and optimal health.

Environmental Quality

Ocean County has vast land and water resources. Although the population of the County has increased in excess of 575,000 since 1950, extensive areas of the county remain undeveloped. Significant portions of the County's undeveloped land are environmentally sensitive, including the beach dunes, the coastal wetlands and the Pinelands. The dune systems of the barrier islands protect the beaches and mainland from storms and erosion. The wetland areas along the coast serve as a primary manufacturer, storehouse and distributor of nutrients to the marine food chain, are a natural habitat for waterfowl and other wildlife, and act as a buffer against flood and wave damage to inland areas. The Pinelands, in addition to being an important ecosystem of rare and unique flora and fauna, provides one of the

largest reservoirs of potable ground water in the State. Approximately 56 percent of Ocean County is permanently preserved through federal, state, county and local programs. This not only protects the County's environmental resources, it also ensures that the quality of life will be maintained for our residents and visitors.

There are numerous programs that protect the overall environmental quality of the County. The County has undertaken an extensive Water Quality Management Program to address present and future wastewater needs of the County. Among the established regulatory programs are the Wetlands Act, which restricts development in wetlands, the Coastal Area Facilities Review Act, commonly referred to as CAFRA, which regulates and evaluates impacts to the coastal environment, and the Pinelands Protection Act, which mandates the development of a comprehensive management plan requiring County conformance.

The State Planning Act requires the creation of a State Development and Redevelopment Plan designed to achieve the highest degree of compatibility between municipal, county and state plans. The New Jersey State Strategic Plan subsequently replaced earlier versions of the plan. Although a primary focus of the plan is on economic development, it also places specific emphasis on the protection of the state's natural resources.

In 2010, the Office of Smart Growth was renamed the Office of Planning Advocacy and moved to the New Jersey Department of State. The Office of Planning Advocacy continues the process of Plan Endorsement, an official recognition that a regional, county, or local plan is consistent with the State Plan. Currently, seven Ocean County municipalities have received Plan Endorsement and another four (4) municipalities are currently petitioning for Plan Endorsement. Ocean County will continue to work closely with the state and our municipalities to ensure consistency with State plans and maximize efficiencies in government operations.

In 1998, Ocean County established a Natural Lands Trust Fund Program to acquire and maintain natural areas in the County. The benefits of the program include protecting critical environmental resources, maintaining the rural character of the County and buffering areas not compatible with development. Currently, 213 properties totaling 25,245 acres have been acquired. The program also has a farmland preservation component, which seeks to protect and enhance active agriculture in the County. These preservation efforts have protected 53 farms with 3,339 acres, primarily in the northwest part of the County.

The County continues to work with various organizations for the protection of environmental resources, including the US Environmental Protection Agency (USEPA), New Jersey Department of Environmental Protection (NJDEP), Barnegat Bay Partnership (BBP), Ocean County Soil Conservation District (OCSCD), Jacques Cousteau National Estuarine Research Reserve (JC NERR), among others.

The County is a participating member of the BBP, and provides representation on its various committees to work with its partners to protect and enhance the quality of the National Barnegat Bay Estuary and its Watershed, which is almost entirely within Ocean County. The *2012-2016 5-year Strategic Plan* identified key priority issues and target tasks in support of the current Barnegat Bay Comprehensive Conservation Management Plan (CCMP). The County continues to support and take the lead on several action items including open space acquisition and stormwater basin retrofits. The County is actively involved with the BBP in the drafting of their 2019 CCMP.

The County has been an active participant in the federal Clean Vessel Act Program since its introduction in New Jersey in 1993. The program provides funding for the installation of vessel sewage pump out facilities at marinas and boat basins. Currently 59 of the nearly 147 pump out stations installed in New Jersey under the program are located in Ocean County. In addition, the CVA provides supplemental funding for operation and maintenance for the marina facilities and the pump out boats. The County funds the operation of six (6) full-time and one (1) part-time mobile pump out boats in Barnegat Bay, in partnership with the Ocean County Utilities Authority, the NJDEP, and the CVA. Through the 2018 boating season, over 1.74 million gallons of concentrated sewage have been removed from the holding tanks and portable toilets of 83,197 recreational boats that could otherwise have been discharged directly into the Barnegat Bay National Estuary and the Little Egg Harbor Bay. This service is provided free of charge to boaters.

Solid Waste Management

Ocean County's solid waste management strategy includes a very successful and aggressive mandatory recycling program, which began in October 1988. The District Recycling Plan provides for the operation of two (2) Recycling

Centers, the Ocean County Northern Recycling Center in Lakewood Township and the Ocean County Southern Recycling Center in Stafford Township. The Southern Recycling Center serves as a recycling transfer station for the southern municipalities to deliver their recyclables. These recyclables are then transported by the County to the Northern Center where they are processed for market at the County's two Recyclable Materials Processing Facilities (MPFs).

Recent developments include a new Recyclable MPF at the Northern Recycling Center, which became operational in 2010. This facility functions as single stream recycling, which processes commingled bottles and cans with paper at the same time. Updated, state-of-the-art equipment installed at this facility enables the County to process 400 tons per day of material in a much more efficient manner with less manpower. The County also has a Southern Recycling Center in Stafford Township. This facility includes a Recycling Transfer Station, which is twice as large as the previous facility and can accommodate the needs of the County's population growth for the next fifteen to twenty years. As part of the Southern Recycling Center, a scale house, Resident Recycling Center and recycling storage building also became operational with the opening of the Southern Recycling Center.

Both the Northern and Southern County Recycling Centers continue to offer convenient drop off locations to residents. In addition, the County Recycling Centers accept a full range of recyclable materials from the municipalities, private haulers, landscapers and homeowners, which includes cell phones, computers, and boat shrink wrap. The County's Recycling Program includes a Regional Leaf and Vegetative Waste Composting Program that allows each municipality in the County access to a composting site. As part of this program, the County owns and operates mobile leaf composting equipment that travels to the regional sites to ensure a consistent, good quality compost product. Also, the County's Paint Management and Electronic Waste Program is available daily at both County Recycling Centers and eight municipal sites so that residents may drop off their full and partially full paint cans. The Residential Document Shredding Program provides residents the opportunity to recycle their old documents and files safely and securely each spring and fall at various locations and days at no cost to residents.

In 1995, the Board introduced the Recycling Revenue Sharing Program that shares the profits with the County's municipalities who deliver their recyclables to the County's recycling facilities. Their share is based upon the profits received from the processing and sale of the recyclables. Since the inception of the program, the County has paid its municipalities \$16.8 million for their recycling efforts from this program.

Unlike many other New Jersey counties, the County has no outstanding debt issues relating to solid waste disposal facilities. Since the County has no outstanding debt, the deregulation of waste flow that occurred in New Jersey in 1997 has not had any impact upon the finances of the County.

Ocean County and its facility operator, Atlantic Coast Recycling, are currently collaborating on a \$5 million improvement to its Northern Recycling Center's Materials Processing Facility. This is in an effort to adapt to evolving recycling. Improvements include a glass removal and cleanup system, optical sorters to more effectively sort paper commodities, a new paper baler for efficiently bailing paper commodities, new infeed conveyors for the processing line, and new sorting screens which prevent contaminants (plastic bags, hoses, rope and string, etc.) from wrapping around screen shafts and negatively impacting sorting operations. Benefits to these improvements will include reduced operating costs, improved operating efficiency, improved employee safety and cleaner recycled commodities which can then be marketed at higher prices. All of these improvements will coalesce to give Ocean County a state-of-the-art facility and place it at the forefront of recycling in the United States, now and into the future.

To continue its effort to educate residents about recycling and composting, the County also enlists the use of the Ocean County Recycling Education Center and the County's Backyard Composting Demonstration Site. These are both located at the Northern Recycling Center in Lakewood Township. The Education Center is used in conjunction with the tours of the MPFs, holding environmental education events, which include the County's Master Composter Training Program. The Backyard Composting Demonstration Site helps with increasing public awareness on home composting and is used for holding "how to" compost classes for County residents each spring and fall, which are taught by Ocean County Master Composter volunteers.

Recreational Facilities

The County, known for its coastline, also contains many inland recreational facilities and natural areas. There are numerous State parks and forests totaling 33,256 acres. The State of New Jersey also manages 69,658 acres in Fish, Game and Wildlife Management Areas and 4,734 acres within the New Jersey Natural Lands Trust. The Federal government protects over 24,551 acres within the Barnegat Division of the Edwin B. Forsythe National Wildlife Refuge. The refuge is located in portions of Barnegat, Eagleswood, Long Beach, Ocean, and Stafford Townships in southern Ocean County and recently added land in the Reedy Creek section of Brick Township.

The County and its municipalities maintain a number of parks for the enjoyment of area residents. The Ocean County Parks System consists of a network of 27 facilities including 22 parks, two (2) golf courses, four (4) conservation areas, and one (1) historic site totaling in more than 4000 acres. The parks range in size from 3 to 900+ acres, and offer both active and passive recreation. Active recreation opportunities include soccer, baseball/softball, basketball, disc golf, as well as fishing and crabbing. Passive recreation opportunities include, hiking, biking, bird watching, nature photography and cross country skiing.

The County is in the early stages of developing a park in Manchester Township. This will be the 28th county park and will fulfill the goal of having a county park within a reasonable distance for every resident in Ocean County. The Department of Parks & Recreation is in the process of acquiring the properties that will make up the new County Park, from both private landowners as well as from Manchester Township. This new park will be a combination of active and passive recreation with amenities for everyone and will adjoin land already preserved by the County Natural Lands Trust, along the Ridgeway Branch of the Toms River.

Ocean County now offers three staffed nature centers which are open to the public year round, at Cattus Island County Park (Toms River), Jakes Branch County Park (Beachwood), and Wells Mills County Park (Waretown). The Cedar Bridge Tavern County Historic Site (Barnegat), acquired in 2012, is believed to be the location of one of the last skirmishes of the American Revolution. Once opened to the public, it will feature local history of Ocean County as well as provide a living museum of life in early America.

The Ocean County Departments of Parks & Recreation, Planning, and Engineering are in the process of transforming the abandoned Barnegat Branch of the Central Railroad of New Jersey into a “rails-to-trails” project known as the Barnegat Branch Trail. Once completed, the Barnegat Branch Trail will link seven municipalities between Barnegat and Toms River with a 15.6 mile trail which will provide residents and visitors a unique recreational experience. Interpretive signs, which highlight local plants and animals, environmental features, and the history of each town will be located at various points along the trail. As of May 2019, 11 miles of the trail have been completed.

Community Development Activities

Since 1984, the County has been involved with the federal Community Development Block Grant Program (CDBG), which funds projects in 29 municipalities. With the implementation of the HOME Program in 1992, the County has funded projects in all 33 municipalities, including Brick, Toms River, Lakewood and Jackson Township entitlement communities. The County has been awarded approximately \$1.14 million in CDBG grant funds and approximately \$1.38 million in HOME grant funds for the program year 2018. Acting on the recommendations of the CDBG Committee, the Board allocates CDBG funding for projects submitted by the 29 participating municipalities (applications are submitted on an every-other-year schedule), public services and non-profit organizations. Brick, Jackson, Lakewood and Toms River Township are separate entitlements and will receive approximately \$2.08 million in FY 2018 CDBG funding directly from HUD. Major project activities considered for funding include housing rehabilitation; removal of architectural barriers; improvements to public facilities, parks and recreational facilities; public services; handicapped services; senior and community facilities; drainage improvements, water and sewer improvements; and sidewalks and street improvements. In addition, acting on the recommendations of the County Housing Advisory Committee (CHAC), the Board allocates HOME funding for four countywide programs; Housing Rehabilitation, Rental Assistance, First-Time Homebuyer’s and Community Housing Development Organization (CHDO).

Under the CDBG and HOME Housing Rehabilitation Programs, income-eligible homeowners may receive up to \$50,000 in home repairs to bring their dwellings up to State and local code. The cost of the repairs is in the form of

an interest-free prorated 10-year mortgage lien on the property. It is anticipated that approximately twenty low and moderate-income households will be rehabilitated under these programs during FY 2018.

The County's First-Time Home Buyer Program, through a cooperative effort with local non-profit organizations and area financial institutions, is designed to assist eligible low and moderate-income County residents in the purchase of a home. The program provides reduced bank fees and closing costs, as well as down payment/closing cost assistance of up to \$10,000 to pre-approved homebuyers. The program also provides educational and mortgage counseling to the eligible homebuyers. Each grant is secured by a mortgage lien for a six-year period for \$10,000. Since 1992, nearly \$4.3 million dollars has been provided to over 533 families to assist in the purchase of their first home.

The County has also developed partnerships with seven (7) qualified local non-profit organizations to construct affordable rental housing under the HOME CHDO Program. This activity has resulted in a significant increase of the affordable rental housing stock for low and moderate-income residents. Since the program's inception, approximately \$7.7 million has been invested in this program, resulting in 134 total units of affordable rental housing, including 55 single family homes, in many towns across the County.

Additionally, under the HOME Program, the County operates a Tenant-Based Rental Assistance Program, which is operated by the County Board of Social Services. This program provides a two-year rental subsidy to low and moderate-income residents with the goal of assisting those served in becoming self-sufficient. During FY 2018, approximately 40 families were provided with rental subsidies under this program. Since the inception of the Tenant Based Rental Assistance program, approximately 829 families have been provided rental subsidies.

Tax Information

In the period from 2010-2019, the County's total assessed valuations of land and improvements decreased from \$97,305,152,394 to \$93,922,127,613. The County's tax rate for 2019 is \$.3425 per \$100 of assessed valuation.

County Tax Rate - 10 Year History

<u>Year</u>	<u>Rate/\$100</u>
2010	.2709
2011	.2834
2012	.3027
2013	.3283
2014	.3441
2015	.3525
2016	.3539
2017	.3522
2018	.3481
2019	.3425

Population and Density by Municipality

Municipality	Form of Government	2010 Census	Land Area Square Miles	Population Density 2010
Barnegat Township	Township Committee	20,936	34.9	600
Barnegat Light Borough	Mayor-Council	574	0.7	820
Bay Head Borough	Mayor-Council	968	0.6	1,613
Beach Haven Borough	Commission	1,170	1.0	1,170
Beachwood Borough	Mayor-Council	11,045	2.8	3,945
Berkeley Township	Mayor-Council	41,255	41.9	985
Brick Township	Mayor-Council	75,072	26.4	2,844
Eagleswood Township	Township Committee	1,603	16.5	97
Harvey Cedars Borough	Commission	337	0.6	613
Island Heights Borough	Mayor-Council	1,673	0.6	2,788
Jackson Township	Township committee	54,856	100.3	547
Lacey Township	Township Committee	27,644	80.6	343
Lakehurst Borough	Mayor-Council	2,654	1.0	2,794
Lakewood Township	Township Committee	92,843	25.5	3,641
Lavallette Borough	Mayor-Council	1,875	0.7	2,885
Little Egg Harbor Township	Township Committee	20,065	49.5	405
Long Beach Township	Commission	3,051	4.3	710
Manchester Township	Township Committee	43,070	82.5	522
Mantoloking Borough	Mayor-Council	296	0.4	673
Ocean Township	Township Committee	8,332	20.6	404
Ocean Gate Borough	Mayor-Council	2,011	0.5	4,022
Pine Beach Borough	Mayor-Council	2,127	0.6	3,545
Plumstead Township	Township Committee	8,421	40.7	207
Point Pleasant Borough	Mayor-Council	18,392	3.7	4,971
Point Pleasant Beach Borough	Mayor-Council	4,665	1.5	3,110
Seaside Heights Borough	Mayor-Council	2,887	0.4	8,249
Seaside Park Borough	Mayor-Council	1,579	0.8	2,051
Ship Bottom Borough	Mayor-Council	1,156	0.7	1,628
South Toms River Borough	Mayor-Council	3,684	1.2	3,070
Stafford Township	Mayor-Council	26,535	47.1	564
Surf City Borough	Mayor-Council	1,205	0.7	1,854
Toms River Township	Mayor-Council	91,239	41.6	2,192
Tuckerton Borough	Mayor-Council	3,347	3.7	905
Ocean County	5 Member Board of Chosen Freeholders	576,567	634.4	909

Source: US Bureau of the Census, 2010 Census of the Population

Profile in Brief

COUNTY: OCEAN COUNTY

SEAT: TOMS RIVER

Form of Government: Board of Chosen Freeholder-5 Members

Number of Constituent Municipalities 33

Population, Census 2010 576,567

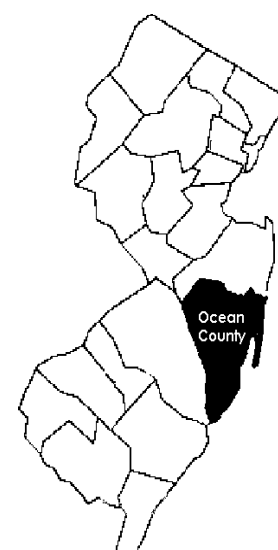
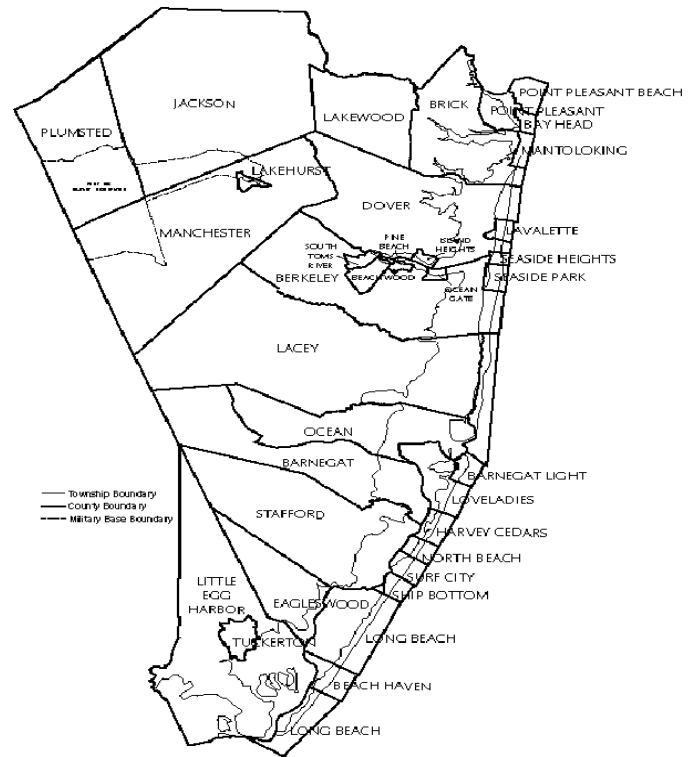
Land Area -- Square Miles 634.36

Net (True) Valuation on Which Taxes are Apportioned

2010	106,595,527,585
2011	104,164,285,750
2012	100,121,886,595
2013	91,163,070,530
2014	90,883,900,526
2015	92,390,206,956
2016	94,729,933,046
2017	97,400,050,590
2018	99,834,281,038
2019	103,370,902,561

Tax Rate per \$100..... \$.3425

Tax Levy, 2019..... \$353,049,175



Distribution of Ratables -- 2019

Class	Line Items	Assessed Valuation	Percent of Valuation
Vacant Land	25,849	\$ 2,632,203,890	2.80%
Residential	244,439	80,618,528,735	85.84%
Farm	713	95,771,949	0.10%
Commercial	6,758	7,942,909,961	8.46%
Industrial	403	1,130,524,588	1.20%
Apartments	356	1,447,501,600	1.54%
Communication			
Equip. (Taxable)	29	54,686,890	0.06%
TOTAL	278,547	\$93,922,127,613	100.00%

Ocean County Leading Tax Ratables - 2019

Rank	Taxpayer	Municipality	2019 Assessed Value
1	Six Flags Theme Parks Inc.	Jackson Twp.	\$112,733,800.00
2	Exelon Generation Co LLC c/o S	Lacey Twp.	110,033,000
3	CPI @Simon Property Group, L P	Toms River Twp.	90,000,000
4	CPG Partners L P	Jackson Twp.	77,016,800
5	Federal Realty Investment Trust	Brick	63,796,500
6	Cedar Glen Lakes Inc.	Manchester Twp.	56,671,100
7	Fairways @ Bey Lea LLC	Toms River Twp.	55,000,000
8	Walmart	Various	52,509,400
9	First Energy Corp.	Lacey Twp.	50,046,600
10	1900 R70 Associates LLC	Lakewood	43,000,000
11	BASF Corporation	Toms River Twp.	42,347,500
12	Leasure Park Venture	Lakewood	42,066,300
13	Crestwood Village Co-op Four, Inc.	Manchester Twp.	41,213,500
14	JSM @ Brick LLC	Brick	40,084,000
15	Jenkinson's Pavilion	Pt. Pleasant Beach	39,403,100

Exelon Generation Co. LLC (“Exelon”) permanently shut down the Oyster Creek Nuclear Generating Station (the “OCNGS”), the third largest tax ratable in the County, on September 17, 2018, in accordance with an agreement with the State of New Jersey. On July 31, 2018, Exelon announced an agreement with Holtec International (“Holtec”) to acquire the OCNGS and to assume all site decommissioning and restoration activities, including permanent disposal of on-site spent nuclear fuel. The acquisition was completed in 2019. Holtec also announced that it intends to contract with an affiliate to decommission the OCNGS within eight (8) years following acquisition. The shutdown of the OCNGS is expected to significantly reduce the assessed valuation of the OCNGS property, resulting in a reduction of

County real estate taxes derived from that property. However, the OCNCS property currently represents less than 0.2% of the total County assessed valuation.

The Ocean County Mall in Toms River remains the County's largest retail center. In 2018, the Sears store was demolished and is being redeveloped with two new buildings and additions to the existing mall to provide over 112,000 square feet of retail, restaurants and a fitness center.

Net Valuation of Real Property by Constituent Municipalities

	2015	2016	2017	2018	2019
Barneгат Township	\$ 2,224,342,437	2,233,681,207	2,280,098,929	2,351,276,328	2,468,991,679
Barneгат Light Borough	1,010,348,875	1,026,071,122	1,016,283,280	995,552,658	1,033,904,799
Bay Head Borough	1,597,112,498	1,550,965,173	1,523,528,055	1,611,574,738	1,610,222,322
Beach Haven Borough	2,002,810,932	2,043,884,841	2,063,092,213	2,102,697,316	2,245,659,743
Beachwood Borough	872,311,347	837,303,682	873,860,194	884,341,770	904,225,638
Berkeley Township	5,102,810,712	5,167,987,307	5,278,870,228	5,454,577,711	5,633,006,118
Brick Township	10,440,940,804	10,551,957,474	10,715,789,366	10,732,472,833	11,233,252,943
Eagleswood Township	243,481,828	241,044,778	229,795,264	219,201,377	230,485,689
Harvey Cedars Borough	1,251,189,900	1,281,403,470	1,255,735,033	1,259,656,098	1,280,077,132
Island Heights Borough	342,783,877	350,708,775	329,378,422	347,148,020	362,956,634
Jackson Township	6,570,267,703	6,715,127,966	6,998,234,988	7,475,141,244	7,687,624,382
Lacey Township	3,782,292,706	3,853,772,031	3,763,193,528	3,797,162,483	3,890,971,167
Lakehurst Borough	164,591,103	161,497,075	160,558,304	158,547,872	156,005,341
Lakewood Township	7,742,833,837	8,511,271,738	9,490,391,081	10,338,545,317	10,996,259,332
Lavallette Borough	2,009,591,788	2,059,847,514	2,163,791,174	2,145,867,686	2,182,583,426
Little Egg Harbor Township	2,267,936,874	2,310,306,017	2,335,683,218	2,361,756,128	2,403,203,769
Long Beach Township	8,352,841,143	8,515,094,321	8,452,014,703	8,571,614,686	8,837,225,885
Manchester Township	3,623,030,627	3,726,234,870	3,801,020,300	3,843,265,460	3,869,818,308
Mantoloking Borough	1,290,600,087	1,336,409,109	1,399,116,709	1,408,887,284	1,467,361,869
Ocean Township	1,342,026,310	1,379,115,065	1,390,750,429	1,431,472,453	1,436,044,437
Ocean Gate Borough	232,080,387	222,251,871	227,354,185	230,411,105	245,449,973
Pine Beach Borough	276,107,051	269,329,998	273,815,581	279,983,866	291,476,936
Plumsted Township	831,600,777	860,211,156	854,824,457	861,840,344	884,166,064
Point Pleasant Borough	3,289,182,928	3,315,057,920	3,308,613,265	3,404,785,907	3,576,151,056
Point Pleasant Beach	2,065,287,933	2,095,085,265	2,076,425,324	2,128,302,251	2,147,028,047
Seaside Heights Borough	661,747,018	633,762,987	640,247,067	660,971,217	683,262,032
Seaside Park Borough	1,185,895,264	1,146,498,340	1,187,473,734	1,191,397,957	1,173,289,701
Ship Bottom Borough	1,224,576,355	1,258,264,307	1,300,030,972	1,380,947,272	1,418,184,510
South Toms River Borough	225,705,209	221,337,963	223,003,573	225,447,281	242,657,740
Stafford Township	3,885,357,025	4,108,137,640	4,236,356,461	4,307,813,428	4,594,062,652
Surf City Borough	1,654,915,796	1,688,912,239	1,740,550,123	1,738,734,141	1,872,860,504
Toms River Township*	14,230,132,932	14,668,129,123	15,404,252,999	15,525,813,848	15,893,437,302
Tuckerton Borough	393,472,893	389,270,702	405,917,431	407,072,959	418,995,431
Totals	<u>\$ 92,390,206,956</u>	<u>\$ 94,729,933,046</u>	<u>\$ 97,400,050,590</u>	<u>\$ 99,834,281,038</u>	<u>\$ 103,370,902,561</u>

*Previously reported as Dover Township

Ocean County
Gross and Net Debt of Constituent Municipalities
December 31, 2018

Municipality	Gross Debt			Statutory Deductions			Net Capital Debt	Valuation Basis
	School	Self-Liquidating	Other	School	Liquidating	Other		
Barneгат	\$ 32,165,000.00	\$ 6,680,996.48	\$ 24,797,769.99	\$ 32,165,000.00	\$ 6,680,996.48	\$ 0.00	\$ 24,797,769.99	\$ 2,330,222,700.67
Barneгат Light	0.00	313,075.00	2,323,815.00	0.00	313,075.00	0.00	2,323,815.00	1,010,564,445.67
Bay Head	2,585,000.00	0.00	3,668,134.82	2,585,000.00	0.00	0.00	3,668,134.82	1,569,768,737.67
Beach Haven	0.00	9,952,982.27	17,104,000.00	0.00	9,952,982.27	437,655.22	16,666,344.78	2,115,306,439.00
Beachwood	3,078,604.80	7,904,208.05	15,377,644.81	3,078,604.80	7,904,208.05	183,057.50	15,194,587.31	884,201,613.00
Berkeley	8,353,000.00	0.00	55,307,195.26	8,353,000.00	0.00	738,887.68	54,568,307.58	5,426,590,709.67
Brick	8,084,000.00	0.00	147,632,113.89	8,084,000.00	0.00	2,216,880.17	145,415,233.72	10,843,634,601.67
Eagleswood	7,827,184.00	1,933,599.20	778,326.57	7,827,184.00	1,464,485.81	158,651.29	1,088,788.67	227,648,602.00
Harvey Cedars	0.00	3,731,867.10	2,837,859.86	0.00	3,731,867.10	257,247.69	2,580,612.17	1,250,472,290.00
Island Heights	3,169,360.72	5,430,694.67	1,805,815.95	3,169,360.72	5,430,694.67	0.00	1,805,815.95	342,782,859.33
Jackson	61,640,973.00	0.00	22,207,839.45	61,640,973.00	0.00	4,091,840.79	18,115,998.66	7,336,462,648.33
Lacey	25,350,000.00	0.00	16,913,507.17	25,350,000.00	0.00	56,474.63	16,857,032.54	3,782,031,858.33
Lakehurst	626,000.00	2,695,554.06	3,608,743.00	626,000.00	2,695,554.06	0.00	3,608,743.00	156,124,284.00
Lakewood	30,795,000.00	0.00	55,409,188.00	30,795,000.00	0.00	365,000.00	55,044,188.00	9,951,583,356.00
Lavallette	420,000.00	6,920,879.00	7,792,021.15	420,000.00	6,920,879.00	179,089.39	7,612,931.76	2,144,845,827.00
Little Egg Harbor	69,360,700.96	0.00	29,245,807.25	69,360,700.96	0.00	1,437,831.27	27,807,975.98	2,336,053,164.00
Long Beach	0.00	58,625,143.12	19,786,839.46	0.00	58,625,143.12	964,002.01	18,822,837.45	8,541,603,158.67
Manchester	23,025,000.00	23,113,000.00	19,398,857.59	23,025,000.00	23,113,000.00	0.00	19,398,857.59	3,801,884,816.67
Mantoloking	0.00	0.00	6,062,410.05	0.00	0.00	219,371.15	5,843,038.90	1,382,163,733.00
Ocean	5,450,000.00	16,687,115.15	9,212,452.38	5,450,000.00	16,687,115.15	0.00	9,212,452.38	1,411,932,809.33
Ocean Gate	0.00	2,922,013.09	2,906,254.00	0.00	2,922,013.09	0.00	2,906,254.00	232,489,078.33
Pine Beach	977,064.11	1,782,344.94	4,985,720.23	977,064.11	1,782,344.94	0.00	4,985,720.23	280,621,163.00
Plumsted	4,210,000.00	0.00	27,636,285.20	4,210,000.00	0.00	163,060.95	27,473,224.25	865,115,892.00
Point Pleasant	16,883,000.00	13,955,064.35	22,121,132.42	16,883,000.00	11,513,236.35	0.00	24,562,960.42	3,406,291,992.33
Point Pleasant Beach	11,265,000.00	5,382,680.29	25,536,880.96	11,265,000.00	5,382,680.29	257.22	25,536,623.74	2,095,106,397.33
Seaside Heights	97,444.15	9,567,149.90	11,309,230.99	97,444.15	9,567,149.90	680,000.00	10,629,230.99	650,344,918.67
Seaside Park	1,173,000.00	13,156,069.44	5,313,153.25	1,173,000.00	13,156,069.44	435,932.48	4,877,220.77	1,176,426,248.33
Ship Bottom	0.00	12,055,636.42	7,683,431.71	0.00	12,055,636.42	0.00	7,683,431.71	1,344,267,536.33
South Toms River	791,756.58	0.00	4,775,150.99	791,756.58	0.00	279,934.79	4,495,216.20	227,399,256.67
Stafford	13,078,000.00	53,045,753.63	56,254,460.86	13,078,000.00	53,045,753.63	1,185,144.71	55,069,316.15	4,366,096,577.00
Surf City	0.00	1,080,000.00	1,623,728.36	0.00	1,080,000.00	36,683.33	1,587,045.03	1,746,309,477.00
Toms River	54,503,978.75	1,750,540.00	156,046,297.60	54,503,978.75	1,750,540.00	4,518,530.76	151,527,766.84	15,449,448,784.33
Tuckerton	11,620,340.82	11,594,819.57	640,658.01	11,620,340.82	11,594,819.57	0.00	640,658.01	408,639,455.33
Totals	<u>\$ 396,529,407.89</u>	<u>\$ 270,281,185.73</u>	<u>\$ 788,102,726.23</u>	<u>\$ 396,529,407.89</u>	<u>\$ 267,370,244.34</u>	<u>\$ 18,605,533.03</u>	<u>\$ 772,408,134.59</u>	<u>\$ 99,094,435,430.66</u>

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes by local units to finance certain capital improvements. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects which are being bonded, that bonds be retired in serial installments and that a 5% cash down payment be generally provided.

Debt Limits

The net debt of the County is limited by the Local Bond Law to an amount equal to 2% of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average value of all taxable real property within its boundaries as annually determined by the State Board of Taxation for each of the three most recent years. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

The debt limit of the County may be exceeded to the extent of two-thirds of the amount of obligations for which an appropriation for payment was made in the annual budget for the current fiscal year and in certain other circumstances and otherwise only with the approval of the Local Finance Board (the "LFB") in the Division of Local Government Services in the New Jersey Department of Community Affairs (the "Division"). If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the LFB for an extension of credit. In considering the request, the LFB focuses its review on the effect of the proposed authorization on outstanding obligations of the County, operating expenses of the County and the potential ability of the County to meet the proposed obligations. If the LFB determines, pursuant to statute and regulation, that a proposed debt authorization would materially impair the ability of the County to meet its obligations or to provide essential services, approval is denied.

The County is within its statutory debt limit.

Short-term Financing

The County is authorized to issue various types of short-term debt obligations, including bond anticipation notes, tax anticipation notes and emergency notes.

The County, in anticipation of the issuance of bonds, may in accordance with the Local Bond Law issue bond anticipation notes. Such notes may be issued for a period not exceeding one (1) year and may be renewed for periods not exceeding one year for up to ten (10) years from the date of original issuance of the notes, but such notes cannot, however, be renewed beyond the third anniversary date of the original issue unless a reduction in principal amount equal to the first legally payable installment of the bonds for which the notes were issued is made on or before the third and each succeeding anniversary date from funds other than proceeds of obligations. Bond anticipation notes may be extended and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the County must file an Annual Debt Statement 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 borrowings. 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.

Statement of Statutory Debt Condition
(as of October 15, 2019) *

<u>General Debt</u>		<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Issued and Outstanding				
Bonds		\$ 444,852,001.54	\$ 7,540,000.00	\$ 437,312,001.54
Bond Anticipation Notes		0.00	0.00	0.00
Green Acres Loan		0.00	0.00	0.00
		<u>\$ 444,852,001.54</u>	<u>\$ 7,540,000.00</u>	<u>\$ 437,312,001.54</u>
Authorized and Unissued		36,200,344.96	0.00	36,200,344.96
		<u>\$ 481,052,346.50</u>	<u>\$ 7,540,000.00</u>	<u>\$ 473,512,346.50</u>
Equalized Valuation	2016	96,087,050,242.00		
	2017	98,922,466,547.00		
	2018	102,273,789,503.00		
Average Equalized Basis			<u>\$ 99,094,435,430.67</u>	
Net Debt (including authorized and unissued) expressed as a percentage of said Average Equalized Basis				<u>0.48%</u>

List of Authorized Debt
(as of October 15, 2019) *

Total Bonds Outstanding	\$ 444,852,001.54
Total Notes Outstanding	0.00
Bonds and Notes Authorized but Unissued:	
Reconstruction and Construction of Certain County Roads	22,380,851.10
Reconstruction and Construction of Certain County Bridges	2,300,222.86
Construction, Repairs and Additions to County Facilities	8,411,000.00
Purchase of Various Equipment	3,108,271.00
Total Bonds and Notes Authorized but Unissued	<u>36,200,344.96</u>
	<u>\$ 481,052,346.50</u>

*The ratios and the total debt figures listed above do not reflect the outstanding debt of the Ocean County Utilities Authority or other authority debt or debt of local fire districts.

Debt Ratios *

Total Gross Debt Authorized, Issued and Outstanding		
as of October 15, 2019	\$	444,852,001.54
Total Gross Debt Issued and Outstanding per Capita		
(2010 Pop. -- 576,567)		771.55
Total Gross Debt Issued and Outstanding Net (True)		
(Value 2018) 102,273,789,503.00		0.43%
Overlapping Gross Debt (as of December 31, 2018)		
School Debt	396,529,407.89	
Self Liquidating Debt	270,281,185.73	
Other Overlapping Debt	788,102,726.23	
Total Overlapping Gross Debt (as of December 31, 2018)	\$ 1,454,913,319.85	
Total Overlapping Gross Debt per Capita		
(2010 Pop. -- 576,567)		2,523.41
Total Overlapping Gross Debt to Net (True) Value		1.42%
(Value 2018) \$ 102,273,789,503.00		

*The ratios and the total debt figures listed above do not reflect the outstanding debt of the Ocean County Utilities Authority or other authority debt or debt of local fire districts.

OCEAN COUNTY UTILITIES AUTHORITY

The Ocean County Utilities Authority (the "Authority"), formerly known as The Ocean County Sewerage Authority, has developed a comprehensive sewerage collection and treatment plant system (the "System"). The Authority's System was essentially completed in 1979 at an estimated cost of \$502 million and is in operation.

The Authority has also issued bonds through the New Jersey Wastewater Treatment Trust, now known as the New Jersey Infrastructure Bank (the "I-Bank"), program ("Program"). Under the Program, the Authority issued the bonds to the I-Bank and the State of New Jersey evidencing the loans from the I-Bank and the State, the proceeds of which were used to finance improvements and replacements to the Authority's Water Pollution Control Facilities. It is the Authority's policy to utilize these loans to the greatest extent possible. For eligible projects, a portion of the cost is funded by an interest-free "Fund" loan and the remaining balance of the cost by an "I-Bank" loan, which bears market-rate interest. Interest is credited to the Authority's account on funds temporarily held by the I-Bank.

A deficiency advance contract between the Authority and the County has been executed and provisions of the contract obligate the County to provide for the payment of the principal and interest which may become due on any outstanding project bonds or permanent bonds of the Authority, including the bonds referred to above. Although the County's obligation pursuant to the provisions of the deficiency advance contract is a direct and general obligation, the Authority anticipates that its operating costs and the principal, interest and reserve requirements on its obligations will be paid from the revenues derived from service charges to the communities and municipal utility authorities and private utility companies using the Authority's System. The provisions of the deficiency advance contract have never been utilized. As of September 30, 2019, the Authority has \$112,420,084 of principal outstanding that is subject to the deficiency contract.

OTHER AUTHORITY AND FIRE DISTRICT DEBT

There are municipally created utilities authorities operating within the County, which are developing or have developed sewerage facilities for the benefit of local government units within the County. The authorities with temporary or permanent debt outstanding (which debt in some cases is additionally secured by the ad valorem taxing power of an underlying township) are Beachwood Sewerage Authority, Berkeley Township Municipal Utilities Authority and Berkeley Township Sewerage Authority, Brick Township Municipal Utilities Authority, Toms River Municipal Utilities Authority, Lacey Municipal Utilities Authority, Lakewood Municipal Utilities Authority, Little Egg Harbor Municipal Utilities Authority, Ocean Township, Manchester Township, South Toms River Sewerage Authority, Stafford Township and Tuckerton Water Utility.

Fire districts constituting special taxing districts have been created in several municipalities in the County. These fire districts have statutory authority to issue, and some of these districts have issued general obligation bonds after voter approval and review by the LFB.

TAX COLLECTION PROCESS

County taxes are collected by the municipalities and paid to the County Treasurer. The municipal levy includes all County, library, health, school, fire district, and municipal taxes. Each municipality is required by law to pay to the County Treasurer 100% of its share of the County Purpose Tax on the fifteenth day of February, May, August and November of each year. The County receives its share of the taxes collected first from the taxes collected by each municipality.

The County has received 100% of its tax levy during the levy year for each of the last five (5) years.

COUNTY BUDGET AND SUMMARY OF REVENUES AND APPROPRIATIONS

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

The foundation of the county local finance system is the annual cash basis budget. Every county must adopt an operating budget in the form required by the Division. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division of Local Government Services (the "Director") prior to final adoption of the budget. The budget law requires each county to prepare its budget on a cash basis appropriating sufficient funds to meet all debt service and operating requirements including provision for mandatory payments.

The Director, who reviews and certifies the adequacy of such appropriations, is assisted in this duty by the Bureau of Financial Regulation and Assistance.

The budget law permits counties to raise revenue through taxation for county purposes. The county is restricted in the amount of increase it may raise through taxation from year to year. Counties receive 100% of their tax levies, which are collected and paid to them by municipalities.

Anticipated non-tax revenues are limited to the amount realized in the previous year unless the Director authorizes a higher figure based on assured sources.

Tax anticipation notes are limited in amount by law and must be paid off in full within six (6) months of the succeeding fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all counties. By law and regulation, local budgets, as adopted, must be in balance on a "cash basis".

County Budget "CAPs" (N.J.S.A. 40A:4-45.1 et seq.)

The annual budgets of counties must conform to the provisions of the "Local Government CAP Law" as amended from time to time. These provisions limit the increase in the County tax levy to the lesser of 2.5% or the cost of living adjustment, defined as the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed by the U.S. Department of Commerce. Certain CAP exemptions allow for modification to the ceiling for

such items as: expenditures necessary to comply with court orders or certain federal or state mandates, added revenue generated by new construction, contracts or agreements between local governments and authorities, debt service, capital expenditures, programs funded in cooperation with federal and state agencies, and certain funding to the County College.

On July 13, 2010 the Governor approved legislation which, in addition to the “Local Government CAP Law” described above, amends the property tax levy cap that was initially enacted in 2007. This law puts a limitation of 2% on the property tax levy set in the annual budget. The law allows for exclusions for capital expenditures, debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, and increases in health care costs in excess 2%. This limitation may be exceeded by approval of an affirmative vote in excess of 50% of the people voting at a special referendum for such purposes.

Any legislation or constitutional amendments which alter the existing system of real property taxation in New Jersey may adversely affect the security and/or market value of bonds, notes and other obligations of counties and municipalities (such as the County).

Miscellaneous Revenues

Miscellaneous revenues generally consist of operating surplus from prior years, State and federal aid, interest on investments, permit fees, motor vehicle fines, real estate transfer fees, and the reimbursement costs of patients and prisoners in county and State institutions.

“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.” N.J.S.A. 40A: 4-26.

“No budget or amendment thereof shall be adopted unless the director shall have previously certified his approval thereof.” N.J.S.A. 40A:4-10.

The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the County's calendar fiscal year.

Deferral of Current Expenses

Emergency appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the Board. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations amend the adopted operating budget, consent of the Director must be obtained. (N.J.S.A. 40A:4-46 et seq.).

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements;

permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, 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 held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the LFB. The Bankruptcy Act specifically provides that Chapter IX 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 Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

STATEMENT OF LITIGATION COUNTY COUNSEL

The County, its officers and employees are defendants in various law suits. The County Counsel has reviewed the status of the pending law suits. With regard to the pending litigation, it is the opinion of the County Counsel that the pending litigation shall not be finally determined so as to result individually, or in the aggregate, in a final judgment against the County which would substantially or materially affect the financial status of the County.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon the delivery of the Bonds, the County shall furnish a certificate of the County Counsel, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the County wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the County or adversely affect the power of the County to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Bonds will be subject to the final approving opinions of GluckWalrath LLP, of Trenton, New Jersey ("Bond Counsel"). Such opinions will be to the effect that the Bonds are valid and legally binding obligations of the County and, unless paid from other sources, the County is authorized and required by law to levy ad valorem taxes upon all taxable real property within the County for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

Certificates of County Officials

The original purchaser of the Bonds shall receive a certificate signed by the County officials: (i) certifying that this Official Statement, as of the date of this Official Statement, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading; and (ii) certifying 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 to the date of delivery of the Bonds. In addition, the 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 therefore, and a certificate 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 or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the

corporate existence or boundaries of the County, nor the title of any of the said officers to their respective offices, is being contested.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”) imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The County and the College have covenanted to comply with the provisions of the Code applicable to the Bonds, and have 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 for purposes of the alternative minimum tax imposed by the Code. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the County, OCC, and Kean University observe their respective covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the County, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See “Certain Federal Tax Considerations” below.

State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

Original Issue Premium

The initial public offering price of certain Bonds may be greater than the stated redemption price thereof at maturity (each a “Premium Bond”). The difference between the initial public offering price for any such Premium Bond and the stated redemption price at maturity is “original issue premium.” For federal income tax purposes original issue premium is amortizable periodically over the term of a Premium Bond through reductions in the holder’s tax basis for the Premium Bond for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bond rather than creating a deductible expense or loss. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of any Premium Bonds.

Certain Federal Tax Considerations

Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer’s own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption “TAX MATTERS.” Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Backup Withholding

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

CONTINUING DISCLOSURE

The County has agreed to comply with the terms of the Securities and Exchange Commission (the “SEC”) Rule 15c2-12, as amended (the “Rule”), as it relates to the Bonds. The County will agree in separate Certificates, substantially in the forms set forth in APPENDIX D hereto, to provide certain annual financial information to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide, in a timely manner, to the MSRB, notice of occurrence of certain enumerated events with respect to the Bonds, if such event is applicable and/or material. The County has retained Digital Assurance Certification, LLC to assist it in performing its obligations under its various continuing disclosure undertakings. The specific nature of the annual financial information and the information to be contained in the notice of material events is specified in “APPENDIX D – Forms of Continuing Disclosure Certificates.

RATINGS

Moody’s Investors Service Inc. has assigned the Bonds a rating of “Aaa” and maintains a stable outlook. Fitch Ratings has assigned the Bonds a rating of “AAA” and maintains a stable outlook. Any explanation of the significance of such ratings may only be obtained from the rating agencies. The County furnished to the rating agencies certain information and material respecting the Bonds. There is no assurance that such ratings will remain for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies if in their judgment circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect of the market price of the bonds. A security’s rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

UNDERWRITING

The Bonds are being purchased by Citigroup Global Markets Inc., as representative of itself and on behalf of RBC Capital Markets LLC (collectively, the “Underwriters”). The Underwriters have agreed, subject to certain conditions, to purchase all of the Bonds at an aggregate purchase price of \$65,923,527.80, which represents the aggregate principal amount of the Bonds, plus original issue premium in the amount of \$9,820,524.10 and less an Underwriters’ discount in the amount of \$136,996.30. The initial offering prices of the Bonds based on the yields set forth on the inside cover page of this Official Statement may be changed without notice by the Underwriters. The Underwriters may

offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts, certain of which may be sponsored or managed by the Underwriters) and others at prices lower than the prices based on the yields set forth on the inside cover page hereof.

Citigroup Global Markets Inc., the representative of the Underwriters of the Bonds, has provided the following three (3) sentences for inclusion in this Official Statement. Citigroup Global Markets Inc. has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under the distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

The County has not been furnished with any documents relating to the retail distribution agreement with Fidelity (the "Fidelity Distribution Agreement") and makes no representations of any kind with respect thereto. The County is not a party to the Fidelity Distribution Agreement and has not entered into any agreement or arrangement with Fidelity with respect to the offering and sale of the Bonds.

The Underwriters have provided the following information for inclusion in this Official Statement: The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact. 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. Any additional information may be obtained from Julie N. Tarrant, County Comptroller and Chief Financial Officer.

The execution of this Official Statement and its delivery have been duly authorized by the Board of Chosen Freeholders of the County of Ocean, and has been executed by the Director of the Board of Chosen Freeholders, the County Administrator, the County Comptroller and Chief Financial Officer, and the Clerk of the Board of Chosen Freeholders.

/s/ Virginia E. Haines
Virginia E. Haines
Director of the Board of Chosen Freeholders

/s/ Carl W. Block
Carl W. Block
County Administrator

/s/ Julie N. Tarrant
Julie N. Tarrant
Comptroller and Chief Financial Officer

/s/ Mary Ann Cilento
Mary Ann Cilento
Clerk of the Board of Chosen Freeholders

Dated: November 6, 2019

APPENDIX A

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County of Ocean -- General Information
Assessed Valuation and Tax Rate: 2019-2014
(Abstract of Ratables)

Year	Assessed Valuation	Net (True) Valuation	Tax Rate per \$100 Valuation
2019	\$93,922,127,613	\$103,370,902,561	0.3425
2018	\$92,812,190,833	\$99,834,281,038	0.3481
2017	\$91,789,106,960	\$97,400,050,590	0.3522
2016	\$87,426,771,009	\$94,729,933,046	0.3539
2015	\$86,978,722,258	\$92,390,206,956	0.3525
2014	\$87,401,489,399	\$90,883,900,526	0.3441

Tax Collection Record: 2018-2013

Year	Levy	Collected Year of Levy	
		Amount	Percent
2018	\$346,491,117	\$346,491,117	100%
2017	\$342,092,735	\$342,092,735	100%
2016	\$333,794,824	\$333,794,824	100%
2015	\$324,387,584	\$324,387,584	100%
2014	\$310,430,295	\$310,430,295	100%
2013	\$296,797,759	\$296,797,759	100%

Added Tax Levies

Year	Total
2018	2,529,353
2017	2,695,342
2016	2,697,218
2015	2,449,017
2014	1,955,242
2013	898,498
2012	1,106,113

Percentage of Assessed Valuation of Real Property by Category (2019-2014)

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Comm. Equip.
2019	2.80%	85.84%	0.10%	8.46%	1.20%	1.54%	0.06%
2018	2.99%	85.47%	0.11%	8.64%	1.23%	1.50%	0.06%
2017	3.11%	85.26%	0.11%	8.72%	1.26%	1.48%	0.07%
2016	3.20%	85.66%	0.12%	8.59%	0.97%	1.39%	0.07%
2015	3.36%	85.36%	0.11%	8.70%	0.99%	1.40%	0.08%
2014	3.00%	85.69%	0.11%	8.69%	1.02%	1.37%	0.12%

Source: Ocean County Tax Board

County of Ocean
Labor Force Employment and Unemployment Data (2018-2013)

Year	Annual Average			
	Labor Force	Employed	Unemployed	Rate
2018	267,000	255,500	11,500	4.3%
2017	271,100	258,100	13,000	4.8%
2016	268,849	254,769	14,080	5.2%
2015	266,375	249,608	16,767	6.3%
2014	265,294	246,246	19,048	7.2%
2013	267,700	244,800	22,900	8.5%

Source: N.J. Department of Labor and Industry

Schedule of Bond and Note Maturities

Outstanding Notes and Bonds as of October 15, 2019

<u>Fiscal Year Ending</u>	<u>General Improvement Total Principal</u>	<u>College Improvement Total Principal</u>	<u>Interest on Outstanding Debt</u>	<u>NJIB Trust</u>	<u>NJIB Fund *</u>	<u>Total Fiscal Year Debt Service</u>
2019	\$ 5,180,000	\$ 695,000	\$ 2,333,306			\$ 8,208,306
2020	36,050,000	2,225,000	16,926,369	\$ 70,000	\$ 121,909	55,393,278
2021	34,695,000	1,520,000	15,381,163	70,000	121,909	51,788,071
2022	34,670,000	1,520,000	13,831,905	75,000	121,909	50,218,814
2023	34,995,000	950,000	12,261,295	75,000	121,909	48,403,204
2024	31,085,000	630,000	10,726,693	85,000	121,909	42,648,601
2025	30,870,000		9,344,728	90,000	121,909	40,426,636
2026	31,110,000		8,065,268	70,000	92,814	39,338,082
2027	32,217,000		6,829,335	50,000	42,326	39,138,661
2028	28,540,000		5,485,443	50,000	42,326	34,117,770
2029	22,835,000		4,362,915	50,000	42,326	27,290,241
2030	20,830,000		3,441,330	50,000	42,326	24,363,656
2031	18,135,000		2,670,910	50,000	42,326	20,898,236
2032	16,775,000		2,095,435	55,000	39,440	18,967,761
2033	11,090,000		1,617,991	55,000	10,663	12,782,663
2034	11,440,000		1,297,460	10,000		12,756,469
2035	11,786,000		962,460	10,000		12,767,469
2036	7,495,000		620,023	15,000		8,139,031
2037	7,705,000		406,541			8,111,541
2038	6,233,000		184,323			6,417,323
	<u>\$ 433,736,000</u>	<u>\$ 7,540,000</u>	<u>\$ 118,844,891</u>	<u>\$ 930,000</u>	<u>\$ 1,086,002</u>	<u>\$ 562,175,814</u>

*NJIB Fund Principal is net of principal forgiveness

APPENDIX B

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COUNTY OF OCEAN

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

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COUNTY OF OCEAN

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Director and Members
of the Board of Chosen Freeholders
County of Ocean
Toms River, New Jersey 08754

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the County of Ocean as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis and the statement of fund balance - regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the County on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the County, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis and statement of fund balance – regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019 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, and grant agreements and other matters. The purpose

of that report is to describe the scope of our testing of 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 in considering the County's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "R. Allison", with a long horizontal flourish extending to the left.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
July 30, 2019

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HOLMAN | FRENIA
ALLISON, P.C.
Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S 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 Ocean
Toms River, New Jersey 08754

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the County of Ocean, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2019. Our report indicated that the County's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Toms River, New Jersey
July 30, 2019

BASIC FINANCIAL STATEMENTS

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**COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
Regular Fund:		
Cash and Cash Equivalents	\$ 141,698,929.33	\$ 116,767,961.88
Cash - Change Fund	2,950.00	2,950.00
FEMA Receivable	-	992,605.23
	141,701,879.33	117,763,517.11
Receivables & Other Assets With Full Reserves:		
County Share of Added and Omitted Taxes	2,523,746.67	2,695,341.65
Revenue Accounts Receivable	1,370,623.11	1,358,879.09
Inventory:		
Central Supply Warehouse	273,708.23	265,732.70
Due From Interfunds:		
Trust Fund	5,157.56	3,989.66
General Capital Fund	2,190.21	2,268.97
Grant Fund	1,244,853.87	2,931,099.05
	5,420,279.65	7,257,311.12
Deferred Charges		
Community Disaster Loan	-	1,025,847.00
	-	1,025,847.00
Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges	147,122,158.98	126,046,675.23
State & Federal Grants:		
Cash and Cash Equivalents	593,639.31	859,517.82
Mortgage Receivable	3,289,641.76	3,059,562.65
Grants Receivable	18,290,159.16	22,171,665.36
	22,173,440.23	26,090,745.83
Total Assets	\$ 169,295,599.21	\$ 152,137,421.06

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

	2018	2017
LIABILITIES RESERVES & FUND BALANCE		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 15,653,979.66	\$ 15,009,065.51
Reserve for Encumbrances	41,140,124.43	36,870,680.90
Accounts Payable	2,084,694.86	1,731,227.50
Reserve for Payroll Liabilities	4,242,705.02	4,630,149.75
Sales Tax Payable - Parks	1.62	9.60
Parks - Due to Cuisine on the Green	100.00	20.00
Community Disaster Loan Payable	-	1,025,847.00
Reserve for Superstorm Sandy	3,696,857.28	3,887,523.19
Reserve for Superstorm Sandy - Refunds	176,646.00	176,646.00
Reserve for FEMA Reimbursements - Superstorm Sandy	3,978,531.24	-
	<u>70,973,640.11</u>	<u>63,331,169.45</u>
Subtotal		
Reserve for Receivables & Other Assets	5,420,279.65	7,257,311.12
Fund Balance	70,728,239.22	55,458,194.66
	<u>147,122,158.98</u>	<u>126,046,675.23</u>
Total Regular Fund		
State & Federal Grants:		
Interfund - Current Fund	1,244,853.87	2,931,099.05
Reserve for Mortgage Receivable	3,289,641.76	3,059,562.65
Reserve for Encumbrances	10,055,847.85	12,161,041.54
Appropriated Reserves	7,548,245.75	7,939,042.59
Unappropriated Reserves	34,851.00	-
	<u>22,173,440.23</u>	<u>26,090,745.83</u>
Total State & Federal Grants		
Total Liabilities, Reserves & Fund Balance	<u>\$ 169,295,599.21</u>	<u>\$ 152,137,421.06</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 22,000,000.00	\$ 20,200,000.00
Miscellaneous Revenue Anticipated	72,743,938.10	70,679,758.30
Receipts From Current Taxes	346,491,117.00	342,092,735.00
Nonbudget Revenue	5,150,130.03	3,542,882.54
Other Credits to Income:		
Prior Year Interfunds Returned	1,677,931.59	-
Unexpended Balance of Appropriation Reserves	16,395,266.23	12,825,959.05
Cancelled Accounts Payable	92,408.19	94,069.39
Cancelled Federal and State Grant Appropriated Reserves	560,309.60	1,232,467.68
	<u>465,111,100.74</u>	<u>450,667,871.96</u>
Total Revenues		
Expenditures:		
Budget Appropriations		
Operations:		
Salaries & Wages	121,315,519.00	118,232,482.00
Other Expenses	194,671,244.00	197,354,262.00
Capital Improvement Fund	25,843,806.00	21,095,066.00
Debt Service	54,967,522.96	53,554,498.96
Deferred Charges and Statutory Expenditures	30,516,602.43	33,278,062.21
Other Expenditures and Adjustments:		
Refund of Prior Year Revenue	812.00	20,242.70
Interfunds Created	-	1,997,503.08
Cancelled Federal and State Grant Receivables	525,549.79	1,208,178.27
	<u>427,841,056.18</u>	<u>426,740,295.22</u>
Total Expenditures		
Statutory Excess to Fund Balance	37,270,044.56	23,927,576.74
Fund Balance, January 1	55,458,194.66	51,730,617.92
	<u>92,728,239.22</u>	<u>75,658,194.66</u>
Decreased by:		
Utilization as Anticipated Revenue	22,000,000.00	20,200,000.00
	<u>22,000,000.00</u>	<u>20,200,000.00</u>
Fund Balance, December 31	<u>\$ 70,728,239.22</u>	<u>\$ 55,458,194.66</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Realized	Excess or (Deficit)
	Budget	Special N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 22,000,000.00	\$ -	\$ 22,000,000.00	\$ -
Miscellaneous Revenues Anticipated:				
Recording Fees - County Clerk Fees	7,000,000.00	-	8,909,067.46	1,909,067.46
Surrogate Fees	520,000.00	-	532,778.79	12,778.79
Sheriff Fees	2,000,000.00	-	6,380,793.19	4,380,793.19
Interest on Investments and Deposits	750,000.00	-	2,475,417.50	1,725,417.50
Data Processing Time Sharing Service	2,700.00	-	3,690.14	990.14
Road Opening Permits	25,000.00	-	39,517.50	14,517.50
Copy Machine Fees - County Clerk	7,000.00	-	7,201.30	201.30
Notary Fees - County Clerk	25,000.00	-	32,835.00	7,835.00
Passport Fees - County Clerk	650,000.00	-	852,145.00	202,145.00
Federal and State Contract - Indirect Cost Allocation	950,000.00	-	1,239,016.88	289,016.88
Sale of Plans and Specifications	10,000.00	-	14,305.00	4,305.00
College Debt Service Reimbursement	1,981,899.00	-	1,981,899.48	0.48
Rent - Ocean County Air Park	75,000.00	-	115,086.21	40,086.21
Rent - Parks - Picnic Areas	6,000.00	-	14,475.00	8,475.00
State Reimbursement - Inmates	10,000.00	-	34,523.81	24,523.81
County Parks - Non-Profit Program	80,000.00	-	95,425.31	15,425.31
Shared Services Agreements - Vehicle Services	405,500.00	-	257,026.74	(148,473.26)
Shared Services Agreements - Planning	-	65,000.00	54,772.48	(10,227.52)
Shared Services Agreements - Engineering	135,566.00	-	275,148.91	139,582.91
Shared Services Agreements - Roads	-	924,000.00	1,513,657.16	589,657.16
Shared Services Agreements - Transportation	-	100,000.00	100,000.00	-
Atlantis Complex Revenues	580,000.00	-	621,914.29	41,914.29
Forge Pond Golf Course Fees	400,000.00	-	380,355.47	(19,644.53)
Atlantis Pro Shop	20,000.00	-	33,919.55	13,919.55
Forge Pond Pro Shop	20,000.00	-	27,367.32	7,367.32
Reimbursement for Salary and Wages of Mental Health Coordinator	12,000.00	-	12,000.00	-
Division of Aging - State Distribution Center Reimbursement	90,000.00	-	65,622.54	(24,377.46)
State Aid - County College Bonds (N. J. S. 18A:64A-22-6)	1,582,855.00	-	1,582,855.00	-
State Aid - County Vocational School Bonds (N.J.S.A. 44:7-38 et. Seq.)	687,997.00	-	-	(687,997.00)
Prosecutor's Salary Reimbursement	65,000.00	-	-	(65,000.00)
State and Federal Reimbursement School Nutrition	20,000.00	-	19,221.04	(778.96)
Library Pension Payment	1,917,329.00	-	1,917,329.00	-
Supplemental Security Income	1,050,623.00	-	1,422,632.00	372,009.00
B.O.S.S. CMC Agreement	30,000.00	-	36,000.00	6,000.00
DDD Assessment Program	11,000.00	-	4,394.25	(6,605.75)
Special Items:				
State and Federal Revenues Offset with Appropriations:				
966 Reimbursement Program FY19	-	174,966.00	174,966.00	-
Adult Protective Services	374,556.00	-	374,556.00	-
Area Plan III E State	89,459.00	18,959.00	108,418.00	-
Area Plan III-E Admin	29,819.00	6,375.00	36,194.00	-
Care Coordination	23,810.00	-	23,810.00	-
Children's Inter - Agency Coordinating Council	-	39,418.00	39,418.00	-
Child Restraint & Protect	48,500.00	-	48,500.00	-
Child Restraint & Protect FY19	-	53,850.00	53,850.00	-
Clean Communities Program	-	199,522.00	199,522.00	-
Coop Market Sponsor	19,750.00	-	19,750.00	-
Council of the Arts	80,145.00	-	80,145.00	-
DCA - Home Delivered Meals	73,068.00	-	73,068.00	-
DHS - Emergency Food and Shelter	764,364.00	-	764,364.00	-
DRE Callout Program FY18/19	-	70,000.00	70,000.00	-
DRE Callout Program	72,000.00	-	72,000.00	-
Driving While Intoxicated FY18/19	-	159,439.00	159,439.00	-
Driving While Intoxicated	160,435.00	-	160,435.00	-
Emergency Management Program	-	55,000.00	55,000.00	-
FAA Apron II Beacons I	-	125,190.00	125,190.00	-
Family Court Services	338,792.00	-	338,792.00	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Special Items (continued):				
State and Federal Revenues Offset with Appropriations (continued):				
FTA New Freedom Program	-	45,235.00	45,235.00	-
HUD: CDBG Program Income	6,000.00	47,315.00	53,315.00	-
HUD: Community Development Block Grant FY18	-	1,318,277.00	1,318,277.00	-
HUD: HOME Investment Partnership	-	1,380,873.00	1,380,873.00	-
HUD: HOME Program Income	-	43,600.00	43,600.00	-
HUD: HOME Subrecipient Contribution	95,000.00	-	95,000.00	-
Human Services Advisory Council	69,275.00	-	69,275.00	-
Insurance Fraud Program	250,000.00	-	250,000.00	-
Juvenile Detention Alternative Initiative	124,000.00	-	124,000.00	-
Law Enforcement Officers Training and Equipment	-	34,676.00	34,676.00	-
Medicaid Match	40,909.00	-	40,909.00	-
NJCVA Pump out Repair	24,000.00	-	24,000.00	-
NJ History Partnership	75,100.00	-	75,100.00	-
NJ JARC	-	325,000.00	325,000.00	-
Ocean Area Comprehensive	208,035.00	14,544.00	222,579.00	-
Ocean Area Plan Grant	2,140,702.00	192,053.00	2,332,755.00	-
Ocean Area Plan State	110,136.00	5,920.00	116,056.00	-
OceanFirst Foundation Grant	-	30,000.00	30,000.00	-
Personal Assistance Services Program	94,369.00	-	94,369.00	-
Program Management Funds	55,550.00	-	55,550.00	-
Program Service Funds	324,867.00	-	324,867.00	-
Recycling Enhancement Act Tax Entitlement	-	472,956.00	472,956.00	-
RERP: Reimbursement for Catering	-	15,000.00	15,000.00	-
Safe Housing and Transportation Program	86,399.00	-	86,399.00	-
SAMHSA FY18	-	237,986.00	237,986.00	-
Sec 5310 Operating	235,000.00	-	235,000.00	-
Senior Citizens and Persons with Disabilities	1,328,260.00	-	1,328,260.00	-
Smart STEPS Program	-	1,605.00	1,605.00	-
Social Service Block Grant	227,542.00	-	227,542.00	-
Specialized Initiative and Transportation	71,630.00	-	71,630.00	-
State COLA Senior Services	398,594.00	-	398,594.00	-
State Facilities Education Act	-	63,000.00	63,000.00	-
State Health Insurance Assistance Program	-	43,000.00	43,000.00	-
Subregional Intern Support Program FY18	-	15,000.00	15,000.00	-
Subregional Intern Support Program FY19	-	15,000.00	15,000.00	-
Subregional Transportation	-	144,381.00	144,381.00	-
Traumatic Loss Coalition	-	15,047.00	15,047.00	-
US Marshall Service	30,000.00	-	30,000.00	-
USDA	201,640.00	-	201,640.00	-
Veterans Transportation	-	30,000.00	30,000.00	-
Victims of Crime Act	417,973.00	-	417,973.00	-
WIOA Plan	-	2,959,864.00	2,959,864.00	-
Work First New Jersey FY18/19	-	1,665,821.00	1,665,821.00	-
Workforce Learning Link FY18/19	-	123,000.00	123,000.00	-
Other Special Items:				
Parks Vendor Commissions	5,000.00	-	4,051.00	(949.00)
Sample Ballots Postage	30,000.00	-	40,902.92	10,902.92
Sample Ballots Printing	15,000.00	-	25,147.97	10,147.97
Rent - T-Hangers at Airpark	130,000.00	-	174,130.75	44,130.75
Sub-Division and Site Plan Fees	34,100.00	-	34,100.00	-
Motor Vehicle Fines	2,495,810.00	-	2,495,810.00	-
Reserve to Pay Bonds	3,346,901.00	-	3,346,901.00	-
Capital Surplus	381,821.00	-	381,821.00	-
Recycling Reserve Trust	200,000.00	-	200,000.00	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Other Special Items (continued):				
Constitutional Officers Fees - Tax Relief:				
County Clerk	3,000,000.00	-	3,947,304.50	947,304.50
Surrogate	485,000.00	-	492,065.90	7,065.90
Sheriff	1,000,000.00	-	3,641,038.69	2,641,038.69
Public Health Priority Funding (N.J.S.A. 26:2F-1)	1,100,000.00	-	2,475,696.24	1,375,696.24
Added and Omitted Taxes	2,695,341.00	-	2,700,947.73	5,606.73
Build America Bonds Rebate	753,039.00	-	753,039.46	0.46
911 Service Agreements	582,327.00	-	610,380.62	28,053.62
Reserve for Capitalized Interest	498,100.00	-	498,100.00	-
Capital Reserve Premium 2016 GIB	1,038,556.00	-	1,038,556.00	-
Total Miscellaneous Revenues Anticipated	47,601,143.00	11,230,872.00	72,743,938.10	13,911,923.10
Amount to be Raised by Taxation - County Purpose Tax	346,491,117.00	-	346,491,117.00	-
Budget Totals	416,092,260.00	11,230,872.00	441,235,055.10	13,911,923.10
Non-Budget Revenue	-	-	5,150,130.03	5,150,130.03
Total General Revenues	\$ 416,092,260.00	\$ 11,230,872.00	\$ 446,385,185.13	\$ 19,062,053.13

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Analysis of Non Budget Revenue</u>	<u>Amount</u>
Miscellaneous Revenue	\$ 138,910.24
Payments in Lieu of Taxes (P.I.L.O.T.)	32,625.13
B.O.S.S. Indirect Cost	669,820.00
B.O.S.S. Refunds	4,500.00
Tax Board Public Record Fees	39.79
Rent of Voting Machines	1,824.41
Miscellaneous Repair Work Roads	1,957.84
Board of Construction Appeals	4,600.00
Sheriff - Training BTC/EMD	13,250.00
Weights and Measures Fines	259,973.50
Gas and Oil Refunds - Miscellaneous	1,772.01
Whiting Reading Center	34,500.00
Tuition - Police Academy	23,092.00
Jury Duty Pay	5.00
Overload Permits	600.00
Copies	16.00
NJ State Reimbursement of Air Park Projects	121,940.66
Title IV-D Sheriff Reimb	21,717.79
Vending Machine Commission	2,525.44
Senior Services St. Aid Reimbursement	58,000.00
Rent - DMV R. J. Miller Air Park	18,000.00
FEMA - Snow Removal	572,565.68
Municipal/Fire Elections - Election Board	12,808.02
Municipal/Fire Elections - County Clerk	13,469.28
Title IV-D Probation Rent	386,196.79
Auction Sale of Equipment	174,946.90
County Fines	846.74
Court Ordered Restitution	12,606.53
Engineering Billboard Lease Agreement	12,300.00
Cty Clk-Indexing Fees	20,753.00
Energy Rebates	17,600.00
Juvenile Shared Services	118,625.00
Twenty-One Plus Inc.	88,198.00
Inmate User Fees	206,728.68
Transportation Donations	5,190.00
Reimbursement - Grants Prior Years Charges	474,724.38
Transportation Fees	1,600.00
Dog Park Registration	5,525.00
Parks Stage Rental	4,750.00
SCDRT - OCATS	33,836.94
RRT: Fuel Expense	68,758.84
Autopsy Reports	4,249.00

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Analysis of Non Budget Revenue</u>	<u>Amount</u>
Inmate SSI Payments	21,200.00
Prosecutor DOJ Task Force	13,556.64
Sheriff DOJ Task Force	11,245.14
Transportation Fares	227,647.50
State Election Reimbursement	414,707.44
Inmate Medical Reimbursement	11,554.92
OPRA Copies	1,841.81
Postage Reimbursement	803.42
Defensive Driving Course	904.00
Bail Bond Forfeitures	156,912.50
Sale of Scrap Metal	2,037.35
Drainage - Road Agreements	282,444.10
Courts: Archive Space	2,500.00
Courts: Telephone Service Agreement	246,432.00
Courts: Mail Distribution Agreement	98,000.00
School Board Election Reimbursement	12,394.62
	<u>\$ 5,150,130.03</u>
	<u><u>\$ 5,150,130.03</u></u>
Cash Receipts	<u>\$ 5,150,130.03</u>
	<u><u>\$ 5,150,130.03</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
GENERAL GOVERNMENT:						
Board of Chosen Freeholders:						
Salaries and Wages	\$ 476,611.00	\$ 476,611.00	\$ 474,380.18	\$ -	\$ 2,230.82	\$ -
Other Expenses	5,225.00	5,225.00	5,110.06	79.99	34.95	-
County Administrator:						
Salaries and Wages	1,252,780.00	1,152,780.00	1,119,059.98	-	33,720.02	-
Other Expenses	91,800.00	91,800.00	25,948.68	-	65,851.32	-
Management System & Budget Analysis:						
Salaries and Wages	643,157.00	648,157.00	644,016.17	-	4,140.83	-
Other Expenses	122,650.00	122,650.00	83,487.29	27,715.00	11,447.71	-
Wireless Technologies Division:						
Other Expenses	997,155.00	997,155.00	675,642.33	314,218.99	7,293.68	-
Audit:						
Other Expenses	175,000.00	175,000.00	-	175,000.00	-	-
Special Accounting Services:						
Other Expenses	150,000.00	150,000.00	-	69,750.00	80,250.00	-
County Counsel:						
Other Expenses	750,000.00	750,000.00	487,476.03	53,274.67	209,249.30	-
County Adjuster's Office:						
Salaries and Wages	213,945.00	213,945.00	204,254.73	-	9,690.27	-
Other Expenses	66,965.00	66,965.00	51,407.68	805.46	14,751.86	-
Department of Finance:						
Salaries and Wages	1,542,061.00	1,542,061.00	1,526,968.48	-	15,092.52	-
Other Expenses	142,000.00	142,000.00	62,148.03	11,899.97	67,952.00	-
Clerk of the Board:						
Salaries and Wages	957,878.00	1,007,878.00	964,667.81	-	43,210.19	-
Other Expenses	41,009.00	41,009.00	22,821.92	3,773.71	14,413.37	-
Business Development and Tourism:						
Other Expenses	203,804.00	203,804.00	184,665.07	18,673.09	465.84	-
Employee Relations:						
Salaries and Wages	1,271,887.00	1,271,887.00	1,229,653.07	-	42,233.93	-
Other Expenses	12,000.00	12,000.00	8,310.68	1,719.48	1,969.84	-
Personnel Training Program:						
Other Expenses	35,000.00	35,000.00	8,785.90	-	26,214.10	-
Labor Relations Consultant:						
Other Expenses	153,622.00	153,622.00	52,720.03	15,335.00	85,566.97	-
Public Information/Outreach:						
Other Expenses	184,450.00	184,450.00	50,707.81	88,751.42	44,990.77	-
County Connection:						
Other Expenses	16,795.00	16,795.00	13,229.69	1,194.11	2,371.20	-
County Clerk:						
Salaries and Wages	2,142,978.00	2,142,978.00	2,110,229.03	-	32,748.97	-
Other Expenses	358,300.00	323,300.00	282,511.66	23,064.58	17,723.76	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Prosecutor Programs:						
Other Expenses	83,929.00	83,929.00	62,905.55	8,140.00	12,883.45	-
Prosecutor:						
Salaries and Wages	15,250,419.00	15,210,419.00	14,871,572.29	1,000.00	337,846.71	-
Other Expenses	586,500.00	586,500.00	502,800.42	82,223.68	1,475.90	-
Gang Violence Initiative:						
Salaries and Wages	496,204.00	536,204.00	495,630.90	-	40,573.10	-
Purchase Department:						
Salaries and Wages	493,604.00	493,604.00	447,862.58	-	45,741.42	-
Other Expenses	6,534.00	6,534.00	3,984.29	278.60	2,271.11	-
Warehouse/Record Storage:						
Salaries and Wages	279,834.00	279,834.00	275,895.31	-	3,938.69	-
Other Expenses	3,239.00	3,239.00	2,238.92	-	1,000.08	-
Buildings and Grounds:						
Salaries and Wages	6,000,583.00	5,914,083.00	5,818,691.09	-	95,391.91	-
Other Expenses	2,879,057.00	2,915,557.00	2,029,198.48	813,510.62	72,847.90	-
Security:						
Salaries and Wages	3,454,535.00	3,354,535.00	3,262,302.21	-	92,232.79	-
Other Expenses	76,160.00	76,160.00	49,457.77	20,192.65	6,509.58	-
Insurance:						
Group Insurance for Employees	48,879,040.00	48,879,040.00	42,029,125.38	6,225,577.70	624,336.92	-
Health Benefit Waiver	54,600.00	54,600.00	52,700.00	-	1,900.00	-
Other Insurance Premiums Liability						
Self-Insurance (40A: 10-6)	2,143,005.00	2,143,005.00	2,055,725.40	77,274.60	10,005.00	-
Employee Physicals & Policy	78,000.00	78,000.00	30,354.00	46,679.00	967.00	-
Insurance Consultant	54,000.00	54,000.00	32,735.00	21,265.00	-	-
Workmen's Compensation Trust (40A: 10-6)	7,009,397.00	7,009,397.00	7,009,397.00	-	-	-
Self-Insurance - Administration of Claims	241,299.00	241,299.00	241,298.28	-	0.72	-
Self-Insurance - Police Professionals	1,000.00	1,000.00	1,000.00	-	-	-
Self-Insurance - Auto Liability	500,000.00	500,000.00	500,000.00	-	-	-
Self-Insurance - General Liability	1,000.00	1,000.00	1,000.00	-	-	-
Self-Insurance - Unemployment	1,000.00	1,000.00	1,000.00	-	-	-
Self-Insurance - Public Officials Trust	213,520.00	213,520.00	213,520.00	-	-	-
Self-Insurance - Physical Vehicle Damage Trust	49,000.00	49,000.00	49,000.00	-	-	-
Stationary, Printing and Advertising:						
Other Expenses	18,000.00	18,000.00	13,833.65	-	4,166.35	-
Postage:						
Other Expenses	500,000.00	500,000.00	395,225.00	-	104,775.00	-
Office of Information Technology:						
Salaries and Wages	2,875,200.00	2,875,200.00	2,754,287.66	-	120,912.34	-
Other Expenses	2,600,000.00	3,550,000.00	1,926,921.40	1,434,669.41	188,409.19	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		PAID OR CHARGED	EXPENDED		RESERVED	CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION		ENCUMBERED	ENCUMBERED		
Printing & Graphic Arts:							
Salaries and Wages	582,937.00	582,937.00	547,423.45	-	35,513.55	-	-
Other Expenses	227,000.00	227,000.00	130,347.66	28,102.06	68,550.28	-	-
Total General Government	107,645,668.00	108,365,668.00	96,095,636.00	9,564,168.79	2,705,863.21		
JUDICIARY:							
Indigent Costs:							
Other Expenses	25,000.00	25,000.00	15,622.73	-	9,377.27	-	-
Uniform Interstate Family Support Act:							
Other Expenses	175,000.00	175,000.00	100,620.36	33,096.29	41,283.35	-	-
County Surrogate:							
Salaries and Wages	1,060,757.00	1,060,757.00	1,047,822.07	-	12,934.93	-	-
Other Expenses	27,788.00	27,788.00	17,738.10	4,782.59	5,267.31	-	-
Sheriff's Office- Judicial Function:							
Other Expenses	73,440.00	73,440.00	45,082.26	26,271.68	2,086.06	-	-
Total Judiciary	1,361,985.00	1,361,985.00	1,226,885.52	64,150.56	70,948.92		
REGULATION:							
Office of the Sheriff:							
Salaries & Wages	18,430,112.00	18,230,112.00	17,301,794.93	-	928,317.07	-	-
Other Expenses	435,200.00	585,200.00	297,460.63	259,712.47	28,026.90	-	-
Sheriffs - 911 System (N.J.S. 40A:45.4(r)):							
Salaries & Wages	3,351,393.00	3,401,393.00	3,280,469.52	-	120,923.48	-	-
Other Expenses	541,100.00	541,100.00	496,926.57	42,523.82	1,649.61	-	-
Sheriff - Communication and Operations Division:							
Other Expenses	197,600.00	197,600.00	135,015.13	61,727.39	857.48	-	-
Sheriff - Criminal Division:							
Other Expenses	372,330.00	372,330.00	262,403.51	104,024.44	5,902.05	-	-
Police Academy:							
Other Expenses	40,800.00	40,800.00	27,031.24	8,588.50	5,180.26	-	-
Board of Taxation:							
Salaries & Wages	496,982.00	496,982.00	471,797.60	-	25,184.40	-	-
Other Expenses	17,400.00	17,400.00	11,074.36	273.19	6,052.45	-	-
County Medical Examiner:							
Salaries & Wages	637,511.00	637,511.00	558,792.32	-	78,718.68	-	-
Other Expenses	1,150,000.00	1,150,000.00	930,111.39	171,926.07	47,962.54	-	-
Burial Expenses - Indigents:							
Other Expenses	10,000.00	10,000.00	8,908.00	1,084.00	8.00	-	-
Shade Tree Commission:							
Salaries & Wages	99,203.00	99,203.00	97,665.50	-	1,537.50	-	-
Other Expenses	33,719.00	33,719.00	13,174.76	19,458.83	1,085.41	-	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Election Expense:						
Salaries & Wages	185,700.00	185,700.00	93,912.22	-	91,787.78	-
Other Expenses	650,054.00	650,054.00	516,660.01	41,244.23	92,149.76	-
Election Board:						
Salaries & Wages	2,113,727.00	2,113,727.00	1,843,009.05	-	270,717.95	-
Clean Vessel Act:						
Other Expenses	50,000.00	50,000.00	45,000.00	-	5,000.00	-
Rent of Polling Places:						
Other Expenses	96,500.00	96,500.00	75,818.88	5,072.32	15,608.80	-
District Election Board Members:						
Other Expenses	865,000.00	865,000.00	688,790.07	-	176,209.93	-
County Clerk - Election Expense:						
Other Expenses	308,910.00	433,910.00	269,739.73	158,734.98	5,435.29	-
Sheriff - Emergency Services Division:						
Other Expenses	74,450.00	74,450.00	44,890.48	21,474.53	8,084.99	-
Consumer Affairs (N.J.S 40:23-6-47)						
Salaries & Wages	744,726.00	744,726.00	661,749.06	-	82,976.94	-
Other Expenses	4,750.00	4,750.00	-	-	4,750.00	-
County Planning Board (RS 40:27-3)						
Salaries & Wages	778,637.00	718,637.00	631,664.50	-	86,972.50	-
Other Expenses	53,150.00	53,150.00	40,578.67	11,483.21	1,088.12	-
Construction Board of Appeals (N.J.S. 52:27D-127):						
Other Expenses	400.00	400.00	79.40	-	320.60	-
Firemen's Association E.O.C. Contribution (N.J.S. 40:23-8.13):						
Other Expenses	25,000.00	25,000.00	25,000.00	-	-	-
Office of the Fire Marshall (40A:14-2)						
Salaries & Wages	700,097.00	700,097.00	645,320.61	-	54,776.39	-
Total Regulation	32,464,451.00	32,529,451.00	29,474,838.14	907,327.98	2,147,284.88	-
ROADS AND BRIDGES:						
Roads:						
Salaries & Wages	9,500,443.00	9,800,443.00	9,462,969.72	-	337,473.28	-
Other Expenses	2,102,000.00	2,402,000.00	1,473,073.92	889,963.42	38,962.66	-
Vehicle Services:						
Salaries & Wages	2,994,612.00	2,944,612.00	2,837,938.83	-	106,673.17	-
Other Expenses	190,000.00	190,000.00	83,155.06	97,042.77	9,802.17	-
Engineering Department:						
Salaries & Wages	5,005,103.00	4,588,103.00	4,429,110.78	-	158,992.22	-
Other Expenses	282,250.00	282,250.00	155,012.81	84,395.25	42,841.94	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Beach Erosion:						
Other Expenses	675,000.00	675,000.00	120,756.72	-	554,243.28	-
Transportation Services:						
Salaries & Wages	2,814,481.00	2,549,481.00	2,479,899.10	-	69,581.90	-
Other Expenses	219,000.00	219,000.00	209,916.92	8,532.46	550.62	-
Shared Services Agreements:						
Salaries & Wages - Engineer	41,814.00	41,814.00	12,649.18	-	29,164.82	-
Other Expenses - Engineer	93,752.00	93,752.00	36,757.00	-	56,995.00	-
Salaries & Wages- Municipal Aid Roads	108,956.00	108,956.00	108,955.01	-	0.99	-
Other Expenses - Municipal Aid Roads	815,044.00	815,044.00	491,119.06	27,870.70	296,054.24	-
Other Expenses - Vehicle Services	405,500.00	405,500.00	212,184.57	1,019.50	192,295.93	-
Salaries & Wages - Transportation	100,000.00	100,000.00	100,000.00	-	-	-
Other Expenses - Planning Board	65,000.00	65,000.00	60,000.00	5,000.00	-	-
Maintenance of Pumping Facility:						
Other Expenses	226,000.00	226,000.00	79,284.56	87,264.81	59,450.63	-
Engineering/Hazard tree removal						
Other Expenses	100,000.00	100,000.00	55,526.86	41,879.84	2,593.30	-
Total Roads and Bridges	24,649,955.00	25,606,955.00	22,408,310.10	1,242,968.75	1,955,676.15	-
CORRECTIONAL AND PENAL:						
Department of Corrections:						
Salaries & Wages	22,023,399.00	20,873,399.00	20,254,029.00	-	619,370.00	-
Other Expenses	692,254.00	692,254.00	337,750.95	328,538.68	25,964.37	-
Corrections - Healthcare Services:						
Other Expenses	3,516,746.00	3,516,746.00	2,821,202.39	627,883.15	67,660.46	-
Law Enforcement Crime Prevention:						
Other Expenses	250,000.00	250,000.00	-	-	250,000.00	-
Corrections - Food						
Other Expenses	1,250,000.00	1,250,000.00	857,699.51	215,872.20	176,428.29	-
Total Correctional and Penal	27,732,399.00	26,582,399.00	24,270,681.85	1,172,294.03	1,139,423.12	-
HEALTH AND WELFARE:						
Aid to Visiting Homemaker Services (N.J.S. 40:23-8.11)	88,590.00	88,590.00	74,007.20	14,582.80	-	-
Aid to Providence House (N.J.S. 30:14-11)	67,440.00	67,440.00	67,440.00	-	-	-
Aid to Special Children Services (N.J.S. 40:13-1)	75,000.00	75,000.00	75,000.00	-	-	-

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Department of Human Services:						
Salaries & Wages	641,154.00	641,154.00	634,238.16	-	6,915.84	-
Other Expenses	312,020.00	347,020.00	275,174.94	66,550.21	5,294.85	-
Aid to CONTACT of Ocean County (N.J.S. 40:5-2.9)	11,663.00	11,663.00	11,663.00	-	-	-
Mental Health Program (N.J.S.A. 40:23-8.1)						
Other Expenses	1,787,801.00	1,787,801.00	1,764,701.00	23,100.00	-	-
Aid to NJ Homeless Youth Act 1999, Ch. 224	31,500.00	31,500.00	31,500.00	-	-	-
Aid to Dotite's House (N.J.S. 52:4B)	14,175.00	14,175.00	14,175.00	-	-	-
Aid to Uniform Fire Prevention (N.J.S. 40:23-8.13)	8,100.00	8,100.00	-	-	8,100.00	-
Fire and First Aid Training Center:						
Salaries & Wages	464,957.00	464,957.00	448,824.51	-	16,132.49	-
Other Expenses	60,000.00	60,000.00	26,855.77	26,629.72	6,514.51	-
Aid to First Aid Captain's Association (N.J.S. 40:5-2):	2,430.00	2,430.00	-	-	2,430.00	-
Mosquito Extermination Commission (N.J.S. 26:9-13, et seq.):						
Other Expenses	2,255,630.00	2,255,630.00	2,255,630.00	-	-	-
Aid/Alcohol and Addition (N.J.S. 40:9B-4)	20,761.00	20,761.00	20,761.00	-	-	-
Maintenance of Patients O/T State Institutions	110,000.00	110,000.00	37,222.95	-	72,777.05	-
Patients/Mental Institutions	2,095,437.00	2,095,437.00	2,095,437.00	-	-	-
Board of Social Services:						
Administration	16,438,474.00	16,438,474.00	16,438,473.88	-	0.12	-
Services Account	2,764,560.00	2,764,560.00	2,764,560.00	-	-	-
Supplemental Security Income	1,050,623.00	1,050,623.00	1,050,623.00	-	-	-
Emergency Shelter Aid	78,750.00	78,750.00	78,750.00	-	-	-
Building Rental - BOSS	545,000.00	545,000.00	316,125.46	225,804.54	3,070.00	-
Juvenile Services - Education Programs:						
Other Expenses	660,000.00	660,000.00	231,577.02	361,964.58	66,458.40	-
Juvenile Services - State Housing:						
Other Expenses	28,600.00	28,600.00	15,343.34	7,602.87	5,653.79	-
Juvenile Services:						
Salaries & Wages	3,482,834.00	3,203,834.00	3,079,250.47	1,000.00	123,583.53	-
Other Expenses	145,565.00	145,565.00	89,284.52	31,620.73	24,659.75	-
Juvenile Services - Non-Secure Programs:						
Other Expenses	240,000.00	240,000.00	60,838.05	27,252.20	151,909.75	-
Juvenile Gang Initiatives:						
Other Expenses	22,500.00	22,500.00	-	14,333.00	8,167.00	-

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Office of Senior Services:						
Salaries & Wages	564,191.00	564,191.00	517,433.28	-	46,757.72	-
Other Expenses	2,245,629.00	2,245,629.00	2,148,192.49	8,490.14	88,946.37	-
Aid to Ocean County Economic Action Now, Inc. (N.J.S. 40:23-8.18-19)	71,379.00	71,379.00	71,379.00	-	-	-
War Veterans' Burial and Grave Decorations:						
Other Expenses	15,000.00	15,000.00	14,506.56	-	493.44	-
County Environmental Agency:						
Other Expenses	1,000.00	1,000.00	620.00	-	380.00	-
Hazardous Household Waste Program:						
Other Expenses	280,000.00	280,000.00	184,943.56	19,042.13	76,014.31	-
Solid Waste Management:						
Salaries & Wages	2,243,349.00	2,243,349.00	2,154,885.06	-	88,463.94	-
Other Expenses	380,000.00	380,000.00	305,353.35	54,021.95	20,624.70	-
Disability Awareness Through Education (D.A.T.E.):						
Other Expenses	22,500.00	22,500.00	20,925.00	1,575.00	-	-
Commission for Individuals with Disabilities:						
Other Expenses	1,200.00	1,200.00	830.86	-	369.14	-
Ocean County Board of Social Services	25,000.00	25,000.00	17,239.00	7,761.00	-	-
Aid to Saint Francis Community Center (N.J.S.A. 40:23-8.14)						
Other Expenses	15,573.00	15,573.00	15,573.00	-	-	-
Division on Aging - State District Center Reimbursement:						
Other Expenses	150,000.00	150,000.00	56,284.19	93,715.81	-	-
Public Health Priority Funding (N.J.S.A.26:2F-1)						
Other Expenses	248,852.00	248,852.00	248,852.00	-	-	-
Social Services Programs (NJSA 40:23-8.11,8.18,8.19)						
Child & Adult Disability Services						
Other Expenses	173,359.00	173,359.00	130,012.50	43,337.50	9.00	-
Aid to Families with Dependent Children:						
Other Expenses	189,688.00	189,688.00	189,688.00	-	-	-
Aid to Animal Control (N.J.A.C. 8:52):						
Other Expenses	6,075.00	6,075.00	6,075.00	-	-	-
School Nutrition Program:						
Other Expenses	50,490.00	50,490.00	48,574.50	1,778.70	136.80	-
Workforce Investment Board:						
Other Expenses	36,000.00	36,000.00	-	36,000.00	-	-
Total Health and Welfare	40,222,849.00	39,978,849.00	38,088,823.62	1,066,162.88	823,862.50	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
EDUCATIONAL:						
County Superintendent of Schools:						
Salaries & Wages	369,529.00	369,529.00	321,979.68	-	47,549.32	-
Other Expenses	11,100.00	11,100.00	8,005.09	514.16	2,580.75	-
Vocational School:						
Other Expenses	18,638,398.00	18,638,398.00	13,978,799.00	4,659,599.00	-	-
County Extension Service Farm and Home Demonstration:						
Salaries & Wages	381,389.00	381,389.00	328,587.83	-	52,801.17	-
Other Expenses	20,478.00	20,478.00	16,462.55	1,822.80	2,192.65	-
Rutgers Co-Op Extension:						
Other Expenses	165,941.00	165,941.00	80,252.62	85,688.38	-	-
County College:						
Other Expenses	15,147,264.00	15,147,264.00	7,573,632.00	7,573,632.00	-	-
Ocean County College Nursing Program:						
Other Expenses	100,000.00	100,000.00	50,000.00	50,000.00	-	-
Reimbursement for Residents Attending Out-of-County Two Year Colleges (N.J.S. 18A:64A-23):						
Other Expenses	300,000.00	300,000.00	291,624.87	-	8,375.13	-
County Cultural and Heritage Commission (N.J.S. 40:33A-6):						
Other Expenses	37,000.00	37,000.00	30,047.49	6,041.42	911.09	-
County Historical Society Museum (N.J.S. 40:32-6):						
Other Expenses	25,000.00	25,000.00	25,000.00	-	-	-
Aid to Performing and Visual Arts (N.J.S. 40:23-8.25):						
Other Expenses	20,250.00	20,250.00	20,250.00	-	-	-
Aid to Museums (N.J.S. 40:23-6.22):						
Other Expenses	26,325.00	26,325.00	20,250.00	-	6,075.00	-
Total Educational	35,242,674.00	35,242,674.00	22,744,891.13	12,377,297.76	120,485.11	-
RECREATION:						
County Parks (N.J.S. 40:32-2.4):						
Salaries & Wages	5,334,956.00	5,184,956.00	5,066,411.04	-	118,544.96	-
Other Expenses	355,840.00	364,840.00	291,219.03	61,343.48	12,277.49	-
County Parks - Non-Profit Program:						
Other Expenses	162,948.00	162,948.00	127,016.78	31,656.58	4,274.64	-
Forge Pond Complex:						
Other Expenses	89,609.00	89,609.00	82,092.95	6,251.79	1,264.26	-
Atlantis Complex:						
Other Expenses	161,344.00	161,344.00	151,910.85	8,329.60	1,103.55	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
Rent/Lease of Equipment:							
Other Expenses	111,000.00	111,000.00	97,942.97	3,432.83	9,624.20	-	-
Atlantis Golf Course Pro Shop:							
Other Expenses	37,770.00	37,770.00	33,068.37	3,881.81	819.82	-	-
Forge Pond Golf Course Pro Shop:							
Other Expenses	22,432.00	22,432.00	17,221.94	3,694.77	1,515.29	-	-
Public Information - Fair Committee:							
Other Expenses	8,034.00	8,034.00	8,034.00	-	-	-	-
Total Recreation	6,283,933.00	6,142,933.00	5,874,917.93	118,590.86	149,424.21	-	-
UNCLASSIFIED:							
County Airpark:							
Salaries & Wages	66,410.00	66,410.00	64,487.32	-	1,922.68	-	-
Other Expenses	10,000.00	15,000.00	8,743.24	5,250.38	1,006.38	-	-
Purchase of County Fleet:							
Other Expenses	2,500,000.00	2,500,000.00	361,899.73	2,138,100.27	-	-	-
Repairs and Maintenance of County Vehicles:							
Other Expenses	2,234,000.00	2,314,000.00	1,709,510.29	587,258.03	17,231.68	-	-
Environmental Insurance Fund:							
Other Expenses	160,000.00	160,000.00	81,117.63	66,753.40	12,128.97	-	-
Rental/Lease Office Premises:							
Other Expenses	1,015,000.00	1,065,000.00	1,042,230.37	492.74	22,276.89	-	-
County Public Transportation Program:							
Other Expenses	1,350.00	1,350.00	-	-	1,350.00	-	-
Purchase, Replacement, Repairs and Rental of Equipment:							
Other Expenses	125,000.00	125,000.00	11,382.52	61,538.08	52,079.40	-	-
Aid to Vet Works:							
Other Expenses	207,000.00	207,000.00	182,672.79	12,927.21	11,400.00	-	-
Veteran's Service Bureau:							
Salaries & Wages	291,984.00	296,984.00	293,202.87	-	3,781.13	-	-
Other Expenses	12,900.00	12,900.00	9,191.66	110.45	3,597.89	-	-
Ocean County Police and Firemen's Association (N.J.S. 40:23-8.9):							
Other Expenses	2,430.00	2,430.00	2,430.00	-	-	-	-
Salary Settlements and Adjustments:							
Salaries & Wages	500,000.00	500,000.00	-	-	500,000.00	-	-
Accumulated Sick Leave at Retirement:							
Salaries & Wages	300,000.00	300,000.00	300,000.00	-	-	-	-

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
N.J. Association of Counties:							
Other Expenses	12,000.00	12,000.00	11,666.00	-	334.00	-	
Special Projects:							
Other Expenses	1,250,000.00	1,250,000.00	252,529.08	986,399.27	11,071.65	-	
Physical Damage Vehicle:							
Other Expenses	90,000.00	90,000.00	73,519.83	12,938.42	3,541.75	-	
Utilities:							
Gasoline	2,250,000.00	2,250,000.00	1,899,513.59	272,639.62	77,846.79	-	
Natural Gas	1,000,000.00	1,000,000.00	840,818.10	-	159,181.90	-	
Heating Oil	26,800.00	26,800.00	8,782.57	4,955.52	13,061.91	-	
Water	400,000.00	400,000.00	303,968.71	-	96,031.29	-	
Telephone/Data Transmission	3,307,000.00	3,307,000.00	2,361,345.43	10,522.24	935,132.33	-	
Sewer	350,000.00	350,000.00	177,245.92	-	172,754.08	-	
Trash Disposal	310,000.00	310,000.00	189,604.49	77,573.11	42,822.40	-	
Electricity	3,100,000.00	3,100,000.00	2,707,080.71	-	392,919.29	-	
Street Lighting	60,000.00	60,000.00	46,658.57	-	13,341.43	-	
Grant Management:							
Matching Funds for Future Grants:							
Other Expenses	886,940.00	466,699.00	-	-	466,699.00	-	
Local:							
5310 Operating	235,000.00	235,000.00	235,000.00	-	-	-	
Coop Market	4,938.00	4,938.00	4,938.00	-	-	-	
DCA Home Delivered Meals	18,267.00	18,267.00	18,267.00	-	-	-	
FAA Apron II Beacons I		13,910.00	13,910.00	-	-	-	
FTA New Freedom Program		45,235.00	45,235.00	-	-	-	
Human Services Advisory	15,900.00	15,900.00	15,900.00	-	-	-	
NJ JARC FY19		325,000.00	325,000.00	-	-	-	
Social Services Block	56,886.00	56,886.00	56,886.00	-	-	-	
Subregional Transportation		36,096.00	36,096.00	-	-	-	
VOCA Supplemental	104,493.00	104,493.00	104,493.00	-	-	-	
Total Unclassified	20,904,298.00	21,044,298.00	13,795,326.42	4,237,458.74	3,011,512.84	-	

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Grant Management:						
966 Reimbursement Program FY19	-	174,966.00	174,966.00	-	-	-
Adult Protective Services	374,556.00	374,556.00	374,556.00	-	-	-
Area Plan III-E - Admin	29,819.00	36,194.00	36,194.00	-	-	-
Area Plan III-E - State	89,459.00	108,418.00	108,418.00	-	-	-
Care Coordination	23,810.00	23,810.00	23,810.00	-	-	-
Children's Inter-Agency Coordinating Council FY18	-	39,418.00	39,418.00	-	-	-
Child Restraint & Protection	48,500.00	48,500.00	48,500.00	-	-	-
Child Restraint & Protection FY19	-	53,850.00	53,850.00	-	-	-
Clean Communities	-	199,522.00	199,522.00	-	-	-
Community Development Block Grant	-	1,318,277.00	1,318,277.00	-	-	-
Coop Market Sponsor	19,750.00	19,750.00	19,750.00	-	-	-
DCA: Home Delivered Meals	73,068.00	73,068.00	73,068.00	-	-	-
DHS Emergency Food and Shelter	764,364.00	764,364.00	764,364.00	-	-	-
DRE Callout Program FY18	-	70,000.00	70,000.00	-	-	-
DRE Callout Program FY17	72,000.00	72,000.00	72,000.00	-	-	-
Driving While Intoxicated	160,435.00	160,435.00	160,435.00	-	-	-
Driving While Intoxicated	-	159,439.00	159,439.00	-	-	-
Emergency Management Agency Assistance	-	55,000.00	55,000.00	-	-	-
FAA Apron II Beacons I	-	125,190.00	125,190.00	-	-	-
Family Court Services	338,792.00	338,792.00	338,792.00	-	-	-
FTA New Freedom Program	-	45,235.00	45,235.00	-	-	-
HUD: HOME Program Income FY18	-	43,600.00	43,600.00	-	-	-
HUD: CDBG Program Income FY18	6,000.00	53,315.00	53,315.00	-	-	-
HUD: HOME Investment Partnership	-	1,380,873.00	1,380,873.00	-	-	-
HUD: HOME Subrecipient Contribution	95,000.00	95,000.00	95,000.00	-	-	-
Human Services Advisory Service	69,275.00	69,275.00	69,275.00	-	-	-
Insurance Fraud Program	250,000.00	250,000.00	250,000.00	-	-	-
Juvenile Detention Alternative Initiative	124,000.00	124,000.00	124,000.00	-	-	-
Law Enforcement Training and Equipment FY 13	-	34,676.00	34,676.00	-	-	-
Medicaid Match	40,909.00	40,909.00	40,909.00	-	-	-
NJCVA Pump out Repair	24,000.00	24,000.00	24,000.00	-	-	-
NJ Co History Partnership	75,100.00	75,100.00	75,100.00	-	-	-
NJ Council of the Arts	80,145.00	80,145.00	80,145.00	-	-	-
NJ JARC FY 19	-	325,000.00	325,000.00	-	-	-
Ocean Area Comprehensive Planning	208,035.00	222,579.00	222,579.00	-	-	-
Ocean Area Plan - State	110,136.00	116,056.00	116,056.00	-	-	-
Ocean Area Plan Grant	2,140,702.00	2,332,755.00	2,332,755.00	-	-	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OceanFirst Foundation Grant	-	30,000.00	30,000.00	-	-	-
Personal Assistance Services Program	94,369.00	94,369.00	94,369.00	-	-	-
Program Management Funds	55,550.00	55,550.00	55,550.00	-	-	-
Program Service Fund	324,867.00	324,867.00	324,867.00	-	-	-
Recycling Enhancement Tax Entitlement	-	472,956.00	472,956.00	-	-	-
ERP: Reimbursement for Catering	-	15,000.00	15,000.00	-	-	-
Safe Housing and Transport	86,399.00	86,399.00	86,399.00	-	-	-
SAMHSA	-	237,986.00	237,986.00	-	-	-
Sec 5310 Operating	235,000.00	235,000.00	235,000.00	-	-	-
Senior Citizens and Persons with Disabilities	1,328,260.00	1,328,260.00	1,328,260.00	-	-	-
Smart STEPS Program	-	1,605.00	1,605.00	-	-	-
Social Services Block Grant	227,542.00	227,542.00	227,542.00	-	-	-
Special Initiative and Transportation	71,630.00	71,630.00	71,630.00	-	-	-
State COLA Senior Services	398,594.00	398,594.00	398,594.00	-	-	-
State Facilities Education Act	-	63,000.00	63,000.00	-	-	-
State Health Insurance Assistance Program	-	43,000.00	43,000.00	-	-	-
Subregional Intern Supplemental Program	-	15,000.00	15,000.00	-	-	-
Subregional Intern Supplemental Program	-	15,000.00	15,000.00	-	-	-
Subregional Transportation FY18	-	144,381.00	144,381.00	-	-	-
Traumatic Loss Coalition FY 18	-	15,047.00	15,047.00	-	-	-
U.S. Marshall Service	30,000.00	30,000.00	30,000.00	-	-	-
U.S.D.A.	201,640.00	201,640.00	201,640.00	-	-	-
Veterans Transportation FY18	-	30,000.00	30,000.00	-	-	-
Victims of Crime Act	417,973.00	417,973.00	417,973.00	-	-	-
WIOA Plan	-	2,959,864.00	2,959,864.00	-	-	-
Work First NJ Program (WFNJ)	-	1,665,821.00	1,665,821.00	-	-	-
Workforce Learning Link	-	123,000.00	123,000.00	-	-	-
Total Public and Private Programs Offset by Revenues	8,689,679.00	18,831,551.00	18,831,551.00	-	-	-
Contingent	300,000.00	300,000.00	9,000.00	-	291,000.00	-
Total Operations	305,497,891.00	315,986,763.00	272,820,861.71	30,750,420.35	12,415,480.94	-
Detail:						
Salaries & Wages	123,554,063.00	121,315,519.00	116,275,744.16	2,000.00	5,037,774.84	-
Other Expenses	181,943,828.00	194,671,244.00	156,545,117.55	30,748,420.35	7,377,706.10	-
	305,497,891.00	315,986,763.00	272,820,861.71	30,750,420.35	12,415,480.94	-

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
CAPITAL IMPROVEMENTS:						
Capital Improvement Fund	5,432,066.00	5,432,066.00	5,432,066.00	-	-	-
Structural Repairs and Additions to Various County Buildings	3,515,000.00	3,515,000.00	1,392,851.00	2,115,596.14	6,552.86	-
Installation of Traffic Lights	70,000.00	70,000.00	66,388.89	3,428.00	183.11	-
Road Overlays and Reconstruction - Roads	3,000,000.00	3,000,000.00	2,185,070.07	200,331.13	614,598.80	-
Road Overlays and Reconstruction - Engineering	660,000.00	1,260,000.00	302,145.02	856,193.93	101,661.05	-
Purchase of Data Processing Equipment	2,600,000.00	2,600,000.00	937,840.19	1,658,868.68	3,291.13	-
Purchase of Communication Equipment	500,000.00	500,000.00	95,292.25	154,870.17	249,837.58	-
Purchase of Office Equipment, Machinery and Furniture	2,600,000.00	2,742,000.00	557,798.04	2,120,217.83	63,984.13	-
Purchase of Trucks	3,000,000.00	3,000,000.00	144,806.00	2,855,194.00	-	-
Timekeeping Software and Equipment	180,000.00	180,000.00	159,872.07	-	20,127.93	-
Engineering Projects - Design, Permits and Other	200,000.00	200,000.00	7,110.10	36,611.28	156,278.62	-
Antenna and Microwave Bands	150,000.00	150,000.00	120,150.55	29,772.92	76.53	-
Air Park Upgrades	25,000.00	25,000.00	20,768.86	2,336.00	1,895.14	-
Roof Upgrades and Alterations	250,000.00	250,000.00	52,813.06	10,884.00	186,302.94	-
Purchase of Land	2,000,000.00	2,000,000.00	1,695,357.67	-	304,642.33	-
Energy Saving Program	919,740.00	919,740.00	-	345,400.00	574,340.00	-
Total Capital Improvements	25,101,806.00	25,843,806.00	13,170,329.77	10,389,704.08	2,283,772.15	-
COUNTY DEBT SERVICE:						
Payment of State Aid County College Bonds (N.J.S. 18A:64A-22.6)	1,410,000.00	1,410,000.00	1,410,000.00	-	-	-
Other Bonds	35,416,909.00	35,416,909.00	35,411,908.67	-	-	5,000.33
Disaster Loan	1,074,357.00	1,074,357.00	1,074,356.92	-	-	0.08
Interest on State Aid County College Bonds (N.J.S. 18A:64A-22.6)	172,855.00	172,855.00	172,855.00	-	-	-
Interest on Bonds	16,901,835.00	16,901,835.00	16,898,402.37	-	-	3,432.63
Total County Debt Service	54,975,956.00	54,975,956.00	54,967,522.96	-	-	8,433.04
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges to Future Taxation - Unfunded:						
15-11: Various Recon at GSP	397,358.00	397,358.00	397,358.00	-	-	-
14-24: Centerline Rumble Strips	15,924.00	15,924.00	15,923.50	-	-	0.50
17-10: TS LB Blvd Phase C	15,000.00	15,000.00	15,000.00	-	-	-
17-8: Midstreams Bridge, Brick	5,000.00	5,000.00	5,000.00	-	-	-
15-17: Safety Improve Cr 539	11,614.00	11,614.00	11,613.64	-	-	0.36
11-12-IC 91 & Fran Mills Br Rple	402,657.00	402,657.00	402,656.68	-	-	0.32
08-20: Western Blvd Ext, Berkeley	485,425.00	485,425.00	485,424.77	-	-	0.23
14-13: Install MTD & Equip	194,224.00	194,224.00	194,223.78	-	-	0.22

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Prior Year Bills:						
Strategic Products Services	1,270.00	1,270.00	1,267.06	-	-	2.94
Lakewood Twp MUA	2,926.00	2,926.00	2,926.00	-	-	-
Fyr-Fyter Sales & Services	4,026.00	4,026.00	4,026.00	-	-	-
Daniel Moore	218.00	218.00	218.00	-	-	-
George Stout	1,023.00	1,023.00	1,023.00	-	-	-
Asbury Park Press - NJ Press Media Solutions	59.00	59.00	59.00	-	-	-
Asbury Park Press - NJ Press Media Solutions	91.00	91.00	91.00	-	-	-
Asbury Park Press - NJ Press Media Solutions	305.00	305.00	305.00	-	-	-
Asbury Park Press - NJ Press Media Solutions	59.00	59.00	59.00	-	-	-
NJ Treasurer/NJ Purchase Bureau Dist Ctr	54.00	54.00	54.00	-	-	-
Statutory Expenditures:						
Contribution to: Public Employees' Retirement System	19,412,774.00	19,412,774.00	19,387,925.23	-	24,848.77	-
Social Security System (O.A.S.I.)	9,080,000.00	9,080,000.00	8,618,861.69	-	461,138.31	-
N.J. Temporary Disability Insurance	480,000.00	480,000.00	11,260.51	-	468,739.49	-
N.J. Catastrophic Illness Fund - Right-to-Know	6,600.00	6,600.00	6,600.00	-	-	-
Total Deferred Charges and Statutory Appropriations	30,516,607.00	30,516,607.00	29,561,875.86	-	954,726.57	4.57
Total General Appropriations for County Purposes	\$ 416,092,260.00	\$ 427,323,132.00	\$ 370,520,590.30	\$ 41,140,124.43	\$ 15,653,979.66	8,437.61
Original Budget	\$ 416,092,260.00					
Appropriation by 40A:4-87	<u>11,230,872.00</u>					
	<u>\$ 427,323,132.00</u>					
Cash Disbursed			\$350,427,202.03			
Inventory - Central Supply Warehouse			406,112.27			
Local Match - Due to Grant Fund			855,725.00			
Reserve for Federal & State Grants			<u>18,831,551.00</u>			
			<u>\$370,520,590.30</u>			

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Cash and Cash Equivalents	\$ 119,435,536.81	\$104,777,181.86
Added and Omitted Taxes Receivable	443,723.21	471,453.51
Total Assets	\$ 119,879,260.02	\$105,248,635.37
LIABILITIES & RESERVES		
Interfund - Due Current	\$ 5,157.56	\$ 3,989.66
Reserve for Added and Omitted Taxes Receivable	443,723.21	-
Reserve For:		
Encumbrances	21,988,211.24	6,337,353.37
County Library	13,775,925.61	13,146,893.32
Forensic Laboratory Fund N.J.S.A 2C:35-20	82,684.74	83,158.94
County Board of Health	18,660.23	119,986.07
Motor Vehicle Fines	2,439,007.82	2,495,810.84
Planning Board Drainage	3,753,395.75	3,519,571.65
Road Opening Permits	392,351.00	639,029.69
P.B./Engineering Developer Agreement	347,099.21	347,099.21
Subdivision and Site Plan Fees	31,607.82	34,100.72
Uniform Fire Safety Act N.J.S.A. 53:27D-192	317,726.93	236,295.91
Sheriff's Forfeited	45,853.39	47,130.07
Solid Waste Inclusion	44,085.05	44,085.05
Century of Art	38.63	38.63
Recycling Revenue and Residue	955,455.57	2,602,115.86
Inmate Welfare Fund - Commissary Account	631,713.30	523,840.99
Disposal of Forfeited Property - Department of Corrections P.L. 1986, Ch. 135	43,799.26	49,344.36
O.C.U.A. Supplies	4,405.84	1,407.01
State Fund Social Services Program	284,888.00	284,888.00
Accumulated Absences	1,232,592.99	1,146,961.71
Outside Employment - Sheriffs Office	23,038.25	11,680.75
Storm Recovery	1,026,995.94	1,026,995.94
Self Insurance - General	22,822,979.12	19,096,131.25
Self Insurance - Unemployment Insurance	1,041,706.30	1,039,127.83
Audio Visual Aids Commission	147,455.55	147,464.67
Weights and Measures	130,433.59	207,479.31
Tax Board Filing Fees	937,465.15	971,116.30
Golf Course Sales Tax	298.26	345.25
Environmental Reserve Fund	-	387.48
Prosecutor's - AMA	9,413.67	4,957.05
Prosecutor's - SATA	2,564,990.38	1,485,998.69
Prosecutor's - CLETA	28,190.69	200,772.62
U.S. Department of Justice - Forfeited	632.98	29,927.05
U.S. Department of Treasury - Forfeited	858.63	851.36
Natural Land Trust	42,736,037.08	47,860,364.41
Fishing Industry Program	74,734.91	87,584.91
Library Future Fund	499,222.90	498,474.62
County Clerk Filing Fees	806,442.08	593,858.28
County Sheriff Filing Fees	94,948.99	54,126.75
County Surrogate Filing Fees	95,032.40	267,889.79
Total Liabilities and Reserves	\$ 119,879,260.02	\$ 105,248,635.37

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
Cash and Cash Equivalents	\$ 157,150,064.84	\$ 158,717,728.03
Deferred Charges to Future Taxation:		
Funded	435,985,910.21	432,271,739.88
Unfunded	50,437,924.10	44,861,537.18
N.J. Environmental Infrastructure Trust Loan		
Receivable	-	706,509.00
Other Accounts Receivable:		
County College Bonds	5,280,000.00	5,080,000.00
 Total	 \$ 648,853,899.15	 \$ 641,637,514.09
LIABILITIES, RESERVES & FUND BALANCE		
Interfund - Current Fund	\$ 2,190.21	\$ 2,268.97
General Serial Bonds	433,783,000.00	429,848,000.00
N.J. Environmental Infrastructure Trust Loan		
Payable	2,202,910.21	2,423,739.88
Improvement Authorizations:		
Funded	82,934,254.61	87,037,151.05
Unfunded	39,340,224.80	35,707,221.29
Reserve for:		
Encumbrances	72,603,574.21	68,236,332.07
Interest Earned on Proceeds of Bonds	3,770,045.45	2,153,580.02
Payment of Serial Bonds	5,372,752.62	3,346,901.26
Beach Erosion	2,416,713.20	2,516,713.20
Premium on Bonds	507,181.27	1,537,128.00
Capitalized Interest	-	498,100.00
Capital Improvement Fund	324,011.68	2,868,556.40
Reserve for Accounts Receivable	5,280,000.00	5,080,000.00
Fund Balance	317,040.89	381,821.95
 Total	 \$ 648,853,899.15	 \$ 641,637,514.09

There were bonds and notes authorized but not issued on December 31, 2018 of \$50,437,924.10 and on December 31, 2017 of \$44,861,537.18

**COUNTY OF OCEAN
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 381,821.95
Increased by Receipts:		
Funded Improvement Authorizations - Cancelled	\$ 272,175.94	
Premium Received on Bond Sale	3,518.05	
Funded Improvement Authorizations - Reimbursements	647.01	
Funded Improvement Authorizations - Refunded	40,698.94	317,039.94
Subtotal		698,861.89
Decreased by Disbursements:		
Utilization as Current Fund Anticipated Revenue		381,821.00
Balance, December 31, 2018		<u><u>\$ 317,040.89</u></u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

**COUNTY OF OCEAN
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS AND FUND BALANCE
REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land	\$ 233,875,180.00	\$228,746,980.00
Building	249,035,548.00	242,404,636.00
Furniture, Fixtures and Equipment	51,932,465.00	47,957,788.00
Vehicles	<u>80,125,969.00</u>	<u>78,318,487.00</u>
Total	<u>\$ 614,969,162.00</u>	<u>\$ 597,427,891.00</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 614,969,162.00</u>	<u>\$ 597,427,891.00</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

COUNTY OF OCEAN

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The County of Ocean was incorporated in 1850. It was then comprised of the townships of Brick, Toms River, Jackson, Plumsted, Stafford, and Union (Barnegat), which, in the aggregate, had previously been the portion of Monmouth County lying south of the Manasquan River. In 1891, Little Egg Harbor merged into the new political subdivision. Over time, this vast geographic area was carved into the 33 municipalities.

The 1850 census pegged Ocean County's population at 10,043 residents. One hundred years later it had reached 56,622. Today, as a result of unprecedented growth in the past three decades, more than 560,000 people call Ocean County home. Ocean County is the second largest county in the state containing 638 square miles of pine barrens and barrier islands and a 45-mile coastline along the Atlantic Ocean.

Toms River was selected as the "seat" of the new County government. On May 8, 1850, the first Board of Chosen Freeholders, consisting of two representatives from each of the six original townships, selected insignia to represent the public officials of the time. The sloop, schooner, and steamboat are still the official seals of the Freeholders, County Clerk, and Surrogate, respectively. The choice of these symbols reflects the rich maritime tradition of the area.

The County government operates under a five member Board of Chosen Freeholders, elected at-large by the voters of the County.

Component Units

The financial statements of the component unit of the County of Ocean are not presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements 39, 61 and 80. If the provisions of these GASB statements had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the County, the primary government:

- Ocean County Board of Health
- Ocean County Board of Social Services
- Ocean County College
- Ocean County Library Commission
- Ocean County Mosquito Commission
- Ocean County Pollution Control Financing Authority
- Ocean County Utilities Authority
- Ocean County Vocational-Technical School

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the County of Ocean contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the County of Ocean accounts for its financial transactions through the use of separate funds which are described as follows:

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

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

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

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

General Fixed Assets Account Group – is used to account for fixed assets used in general government operations.

Budgets and Budgetary Accounting - The County must adopt an annual budget for its Current and Open Space Trust in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the County. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

New Jersey county and municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of investments which may be purchased by New Jersey county and municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the County of Ocean requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended. A general supplies inventory is reported in the current fund and is maintained through a central supply warehouse. Departments are charged for the cost of supplies used, as they are withdrawn from the warehouse. The inventory is valued at cost. Golf course pro shop inventories are reported in the current fund and maintained through the golf course pro shops. Inventory purchases are charged to budget appropriations. The balance sheet at December 31, 2018 reflects inventory on hand, verified by physical count, and stated at cost.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation of general fixed assets is recorded. Donated general fixed assets are valued at their estimated fair market value on the acquisition date.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Deferred Charges Unfunded and Funded - Upon authorization of capital projects, the County establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to New Jersey Statute 40A:2-4, the County may levy taxes on all taxable property within its jurisdiction to repay its debt. The County raises the debt requirements for its debt in its current budget as funds are raised; the deferred charges are reduced.

Fund Balance - Fund balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the County budget. Other amounts that are due to the County which are susceptible to accrual are recorded as receivables with offsetting reserves and recorded as revenue when received.

County Taxes – Every municipality is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations for every municipality are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year.

In addition, operations for every municipality are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1. Summary of Significant Accounting Policies (continued)

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in trust fund reserve account in the year in which they are paid, on a pay-as-you-go basis. The annual budget provides funding for the trust fund reserve.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the County's financial statements.

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post- employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments

The County is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. Although the County does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the County in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the County relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2018, the County's bank balance of \$420,586,290.08 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 301,003,189.16
NJ Cash Management Fund	1,647,877.99
Uninsured and Uncollateralized	<u>117,935,223.65</u>
	<u>\$ 420,586,290.80</u>

Investments

The County had no investments as of December 31, 2018.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 0.412</u>	<u>\$ 0.415</u>	<u>\$ 0.416</u>
Apportionment of Tax Rate:			
County Tax Rate	0.348	0.352	0.352
County Library Tax Rate	0.038	0.037	0.038
County Health Tax Rate	0.014	0.014	0.014
County Open Space Tax Rate	0.012	0.012	0.012

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (continued)

<u>Year</u>	<u>Net Taxable Value</u>	<u>Net Valuation For County Tax Apportionment</u>	<u>(1) County Tax Rate</u>
2018	\$ 92,812,190,833.00	\$ 99,834,281,038.00	0.348
2017	91,789,106,960.00	97,400,050,590.00	0.352
2016	87,426,771,009.00	94,729,933,046.00	0.352

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

<u>Year</u>	<u>Tax Levv</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2018	\$ 346,491,117.00	\$ 346,491,117.00	100.00%
2017	342,092,735.00	342,092,735.00	100.00%
2016	333,794,824.00	333,794,824.00	100.00%

Note 4. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 5. Mortgage Receivable

The County is the recipient of Home Investment Partnerships Program funds (the “HOME Program”) pursuant to the provisions of the National Affordable Housing Act of 1990 (the “Act”). In accordance with the Act, and in keeping with federal regulations implementing it as adopted by the U.S. Department of Housing and Urban Development (“HUD”), the County entered into an agreement on June 28, 1994 with Cox Co Urban Renewal Associates, L.P. (the “Subrecipient”), a limited partnership, to provide \$556,000.00 in HOME Program funds financing for an affordable housing project owned by the Subrecipient, and located in Toms River Township, Ocean County, New Jersey.

The mortgage note, supporting the disbursement of the funds stipulated in the agreement, is dated June 28, 1994, in the sum of \$556,000.00, and bears interest at the rate of 7.52% to be compounded annually. All sums under the note, principal and interest are due June 28, 2044. In the event that the housing assisted with the HOME Program funds does not meet the affordability requirements of HUD regulations, the principal of the note must be repaid together with a prorated share of interest due based upon the date of repayment.

At December 31, 2018, principal and interest outstanding on the mortgage note amounted to \$3,289,641.76.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 6. Interfund, Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,252,201.64	\$ -
State and Federal Grant Fund	-	1,244,853.87
Trust Fund	-	5,157.56
General Capital Fund	-	2,190.21
	<u>\$ 1,252,201.64</u>	<u>\$ 1,252,201.64</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Current Fund	\$ 5,793,033.93	\$10,842,592.61
State and Federal Grant Fund	3,239,649.77	-
Trust Fund	85,324.00	83,805.98
General Capital Fund	7,517,618.84	5,709,227.95
	<u>\$16,635,626.54</u>	<u>\$16,635,626.54</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

Note 7. General Fixed Assets

In 1988 the County entered into a contract with a company to count, record and maintain an inventory of its fixed assets. Apart from periodic physical inventories of fixed assets, which were performed by the company at the County's direction, the company relied on the County to provide information concerning additions, deletions, and transfers of assets in order to maintain an accurate fixed asset ledger. The company completed the last physical inventory on March 6, 1995. Items in the fixed assets inventory are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets with values of \$1,000.00 or less were not included in the fixed asset group. As discussed in Note 1, effective

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 7. General Fixed Assets (continued)

in 2002 the County now maintains the inventory records for fixed assets. Effective January 1, 2009, the threshold used to account for Fixed Assets was increased from the amount of \$1,000.00 to the amount of \$5,000.00 as set forth in the Local Finance Notices issued by the Division. Therefore, only assets with a value of \$5,000.00 or more will be accounted for by the Department of Finance.

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Land	\$ 228,746,980.00	\$ 5,128,200.00	\$ -	\$ 233,875,180.00
Buildings	242,404,636.00	6,630,912.00	-	249,035,548.00
Equipment	47,957,788.00	4,525,522.00	(550,845.00)	51,932,465.00
Vehicles	78,318,487.00	6,350,454.00	(4,542,972.00)	80,125,969.00
	\$ 597,427,891.00	\$ 22,635,088.00	\$ (5,093,817.00)	\$ 614,969,162.00

Note 8. Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 70,728,239.22	\$ 28,800,000.00	40.72%
2017	55,458,194.66	22,000,000.00	39.67%
2016	51,730,617.92	20,200,000.00	39.05%

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Municipal Debt

The following schedule represents the County's summary of debt, as filed in the County's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 435,985,910.21	\$ 432,271,739.88	\$ 394,157,475.67
Authorized but not issued:			
General:			
Bonds, Notes and Loans	50,437,924.10	44,861,537.18	74,386,370.95
Total Gross Debt	<u>486,423,834.31</u>	<u>477,133,277.06</u>	<u>468,543,846.62</u>
 Deductions:			
Accounts Receivable from Other Public Authorities for Payment of Gross Deb	5,280,000.00	5,080,000.00	6,925,000.00
Funds Temporarily Held to Pay			
Bonds and Notes	5,372,752.62	3,346,901.26	4,351,005.43
Total Deductions	<u>10,652,752.62</u>	<u>8,426,901.26</u>	<u>11,276,005.43</u>
 Total Net Debt	<u>\$ 475,771,081.69</u>	<u>\$ 468,706,375.80</u>	<u>\$ 457,267,841.19</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 486,423,834.31	\$ 10,652,752.62	\$ 475,771,081.69
 Total Debt	<u>\$ 486,423,834.31</u>	<u>\$ 10,652,752.62</u>	<u>\$ 475,771,081.69</u>

Net Debt \$475,771,081.69 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$99,094,435,430.67, equals 0.480%. New Jersey statute 40A:2-6, as amended, limits the debt of a County to 2.0% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Municipal Debt (continued)

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

2.0% of Equalized Valuation Basis (County)	\$ 1,981,888,708.61
Net Debt	475,771,081.69
 Remaining Borrowing Power	 \$ 1,506,117,626.92

General Debt

The following is a summary of the County's General Debt outstanding as of December 31, 2018:

A. Serial Bonds Payable

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 38,505,000.00	\$ 17,229,424.64	\$ 55,734,424.64
2020	36,145,000.00	15,699,327.54	51,844,327.54
2021	34,115,000.00	14,156,652.54	48,271,652.54
2022	34,060,000.00	12,674,795.04	46,734,795.04
2023	33,770,000.00	11,175,135.04	44,945,135.04
2024-2028	145,207,000.00	36,170,265.81	181,377,265.81
2029-2033	79,220,000.00	11,797,837.60	91,017,837.60
2034-2038	32,761,000.00	2,557,550.04	35,318,550.04
Totals	\$ 433,783,000.00	\$ 121,460,988.25	\$ 555,243,988.25

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Municipal Debt (continued)

B. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the County had \$50,437,924.10 in various General Capital bonds and notes authorized but not issued.

C. Loans Payable

New Jersey Environmental Infrastructure Trust

The County has multiple loan agreements with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program. The following is a summary of the loans outstanding as of December 31, 2018:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 186,908.67	\$ 45,021.15	\$ 231,929.82
2020	191,908.67	41,182.52	233,091.19
2021	191,908.67	37,682.52	229,591.19
2022	196,908.67	33,182.52	230,091.19
2023	196,908.67	29,432.52	226,341.19
2024-2028	766,284.58	91,962.60	858,247.18
2029-2033	471,632.28	42,706.34	514,338.62
2034-2036	62,026.00	4,068.78	66,094.78
Deobligation	<u>(61,576.00)</u>	-	<u>(61,576.00)</u>
 Total	 <u>\$ 2,202,910.21</u>	 <u>\$ 325,238.95</u>	 <u>\$ 2,528,149.16</u>

Changes in Outstanding Debt

During 2018 the following changes occurred in the outstanding debt of the County:

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Due Within</u> <u>One Year</u>
General Serial Bonds	\$ 429,848,000.00	\$ 40,580,000.00	\$ 36,645,000.00	\$ 433,783,000.00	\$ 38,505,000.00
NJEIT Loans Payable	2,423,739.88	-	220,829.67	2,202,910.21	186,908.67
Compensated Absences	<u>2,023,048.78</u>	48,383.58	-	<u>2,071,432.36</u>	-
	 <u>\$ 434,294,788.66</u>	 <u>\$ 40,628,383.58</u>	 <u>\$ 36,865,829.67</u>	 <u>\$ 438,057,342.57</u>	 <u>\$ 38,691,908.67</u>

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the County's contractually required contribution to PERS plan was \$11,742,143.00.

Components of Net Pension Liability - At December 31, 2018, the County's proportionate share of the PERS net pension liability was \$232,434,209.00. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was 1.1804981900% which was a decrease of 0.0134980513% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 45,195,331.00	\$ 67,842,519.00
Deferred Inflows of Resources	81,150,219.00	57,334,095.00
Net Pension Liability	232,434,209.00	277,943,240.00
County's portion of the Plan's total net pension Liability	1.18050%	1.19400%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the County's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$12,733,208.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the County contributed \$11,742,143.00 to the plan in 2018.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,432,555.00	\$ 1,198,506.00
Changes of Assumptions	38,301,307.00	74,320,100.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,180,243.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	2,461,469.00	3,451,370.00
	\$ 45,195,331.00	\$ 81,150,219.00

The County will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,	Amount
2019	\$ (2,359,342.00)
2020	(3,507,219.00)
2021	(10,856,419.00)
2022	(14,771,863.00)
2023	<u>(4,460,045.00)</u>
	<u>\$ (35,954,888.00)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<hr style="border-top: 1px solid black;"/>	
	<u>100.00%</u>	

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the County's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
County's Proportionate Share of the Net Pension Liability	\$ 292,259,237.00	\$ 232,434,209.00	\$ 182,244,837.00

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the County's contractually required contributions to PFRS plan was \$7,263,499.00.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Net Pension Liability and Pension Expense - At December 31, 2018 the County’s proportionate share of the PFRS net pension liability was \$100,534,326.00. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The County’s proportion of the net pension liability was based on the County’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2018. The County’s proportion measured as of June 30, 2018, was 0.7429569697%, which was a decrease of 0.0041659790% from its proportion measured as of June 30, 2017.

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 10,573,276.00	\$ 18,709,732.00
Deferred Inflows of Resources	31,619,838.00	25,123,914.00
Net Pension Liability	100,534,326.00	115,341,339.00
County's portion of the Plan's total net pension Liability	0.74296%	0.74712%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the County’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$7,125,408.00. This expense is not recognized by the County because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the County contributed \$7,263,499.00 to the plan in 2018.

At December 31, 2018, the County had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,022,806.00	\$ 416,035.00
Changes of Assumptions	8,629,519.00	25,765,212.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	550,014.00
Changes in Proportion and Differences between County Contributions and Proportionate Share of Contributions	920,951.00	4,888,577.00
	\$ 10,573,276.00	\$ 31,619,838.00

The County will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2019	\$ 2,023,966.00
2020	(2,352,100.00)
2021	(8,585,532.00)
2022	(10,372,833.00)
2023	<u>(1,760,063.00)</u>
	<u>\$ (21,046,562.00)</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the County is \$13,655,926.00 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State’s proportion of the net pension liability associated with the County was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2018 was 0.7429569697%, which was a decrease of 0.0041659790% from its proportion measured as of June 30, 2017, which is the same proportion as the County’s. At December 31, 2018, the County’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

County's Proportionate Share of Net Pension Liability	\$ 100,534,326.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the County	<u>13,655,926.00</u>
	<u>\$ 114,190,252.00</u>

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the County, calculated by the plan as of the June 30, 2018 measurement date was \$1,617,523.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2012 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the County’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 134,552,720.00	\$ 100,534,326.00	\$ 72,279,116.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the County	<u>18,276,762.00</u>	<u>13,655,926.00</u>	<u>9,817,922.00</u>
	<u>\$ 152,829,482.00</u>	<u>\$ 114,190,252.00</u>	<u>\$ 82,097,038.00</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the County.

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 10. Pension Obligations (continued)

C. Defined Contribution Retirement Program (continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the County's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2018 the County had multiple employees participating in the Defined Contribution Retirement Program. The County's contributions were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Funded By County</u>	<u>Employee Deductions</u>
2018	\$ 81,786.68	\$ 28,865.78	\$ 52,920.90
2017	82,828.74	29,266.49	53,562.25
2016	69,097.11	24,387.40	44,709.71

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the County.

Note 11. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11. Postemployment Benefits Other Than Pensions (continued):

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11. Postemployment Benefits Other Than Pensions (continued):

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the County's as of June 30, 2018 was \$328,419,629.00. The County's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the County was based on projection of the State's long-term contributions to the OPEB plan associated with the County relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the County was 2.096302%, which was an increase of 0.046105% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$8,616,256.00 for the State's proportionate share of the OPEB expense attributable to the County. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The County	\$ 385,323,053.99	\$ 328,419,629.00	\$ 282,966,670.94
State of New Jersey's Total Nonemployer OPEB Liability	18,381,085,096.00	15,666,618,141.00	13,498,373,388.00

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the County	\$ 273,954,628.02	\$ 328,419,629.00	\$ 398,905,433.33
State of New Jersey's Total Nonemployer OPEB Liability	13,068,471,450.00	15,666,618,141.00	19,029,006,023.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2018:

	12/31/2018	12/31/2017
Collective Deferred Outflows of Resources	\$ 2,115,007,508.00	\$ 1,151,561,955.00
Collective Deferred Inflows of Resources	9,261,653,464.00	3,414,042,238.00
Collective Net Pension Liability	15,666,618,141.00	20,415,788,739.00
County's Portion	2.096302%	2.050197%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	<u>(1,896,532,753.00)</u>
	<u>\$ (7,146,645,956.00)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 and 8.04 years for the 2018 and 2017 amounts, respectively.

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	<u>June 30, 2017</u>
Active Plan Members	61,789
Retirees Currently Receiving Benefit	26,277
Total Plan Members	88,066

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Service Cost	\$ 896,235,148.00
Interest on the Total OPEB Liability	764,082,232.00
Differences Between Expected and Actual Experience	(3,626,384,047.00)
Changes of Assumptions	(2,314,240,675.00)
Contributions From the Employer	(421,194,662.00)
Contributions From Non-Employer Contributing Entity	(53,548,285.00)
Net Investment Income	(2,320,422.00)
Administrative Expense	8,200,113.00
Net Change in Total OPEB Liability	(4,749,170,598.00)
Total OPEB Liability (Beginning)	20,415,788,739.00
Total OPEB Liability (Ending)	\$ 15,666,618,141.00

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 11. Postemployment Benefits Other Than Pensions (continued):

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the County is \$88,563,067.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the County was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 1.425254%, which was an increase of 0.063660% from its proportion measured as of June 30, 2017, which is the same proportion as the County's. At December 31, 2018, the County's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

County's Proportionate Share of OPEB Liability	\$ 328,419,629.00
State of New Jersey's Proportionate Share of OPEB Liability Associated with the County	<u>88,563,067.00</u>
	<u>\$ 416,982,696.00</u>

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the County, calculated by the plan as of the June 30, 2018 measurement date was \$2,680,907.00.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 12. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the County's liability related to unused vacation, sick pay and compensation time. The County permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$2,071,432.36 at December 31, 2018.

The County has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2018, the County has reserved in the Other Trust Fund \$1,232,592.99 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 13. Deferred Compensation Salary Account

The County offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the County or its creditors. Since the County does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the County's financial statements.

Note 14. Arbitrage

Under section 148 (f) of the Internal Revenue Code of the United States, interest on bonds of a local governmental unit is not tax exempt unless the issuer of such bonds rebates to the United States Government arbitrage profits earned from investing proceeds of the bond in higher yielding non-purpose investment.

As of the date of the audit, the County does not anticipate an arbitrage liability. Any liability would be paid from interest earned on Capital Fund cash, cash equivalents and contingent appropriations after review of the calculations by the County's financial advisors.

Note 15. Lease Commitments

On June 1, 1993, the County entered into a lease agreement with the Court House Associates for space located at 213 Washington Street, Toms River. The lease was to run from June 1, 1993 to May 31, 2001. During 1999, ownership of the property was transferred to 213 Washington Street Associates, LLC. The County continued to lease the premises under the same terms that were in effect with the previous owner. In 2001, the County negotiated an addendum to the original agreement extending the lease term to May 31, 2006 with an option to renew for an additional two (2) years. The County exercised said option thereby extending the lease term to May 31, 2008 and provided for an option to renew for two (2) additional years. Rather than exercising its option to renew for two (2) additional years, the County, on May 30, 2008, executed a new lease agreement with 213 Washington Street Associates, LLC. The term

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 15. Lease Commitments (continued)

of this lease is for a period of fifteen (15) years commencing on June 1, 2008 and ending on May 31, 2023. Under the terms of this new lease, the County is required to pay equal monthly installments. The lease is described as triple net lease, which is defined as a lease whereby the tenant is solely responsible for all of the costs relating to the asset being leased. Examples of the types of costs relating to the asset being leased are taxes, insurance, maintenance expense and snow and trash removal.

On June 1, 2009 and yearly thereafter until the end of the new lease term, May 31, 2023, the rent would increase by the CPI Index for the Philadelphia area as reported on year end December 31, 2008, and thereafter as of December 1 of the preceding year with the change to begin on June 1 of the following year. Annual increases in the base rent in the event of increases in the cost of living will be based on the “all items” Index for the Philadelphia area of the “Consumers Price Index for all Urban Consumers” published by the Bureau of Labor Statistics of the U.S. Department of Labor. The Index figure for the initial month shall be compared with the Index figure for the anniversary month in each subsequent year during the term of the lease. If the latter figure is more than the Index for the initial month, the latter figure shall be divided by the former figure to determine the new base rent. The new base rent will be divided by 12 to determine the new monthly installment provided, however, in no event shall the new monthly base rent be less than the prior year’s monthly base rent.

The amount expended by the County for this lease during the period under audit was \$376,373.24, which included real estate taxes.

On April 19, 1996, the County of Ocean and Board of Social Services entered into a lease agreement with Grunin Properties for space located at Building 2, 1027 Hooper Avenue, Toms River. The lease will run from June 1, 1996 to July 1, 2022, each of the tenants is responsible for their respective share of rents payable under the lease. In addition to the monthly rents, the tenants are responsible for insurance, common area costs and any direct costs. The monthly rents plus all other insurance, common area and direct costs attributable to the County was \$43,935.68 from January through May 2018 and \$45,160.78 thereafter. The amount expended by the County for this lease during the period under audit was \$535,803.86.

In 2005, the County relocated to a new space within the Ocean County Mall. In anticipation of the move, the County, on June 4, 2004, authorized the execution of a lease agreement with the landlord, Simon Property Group, Inc. (“the landlord”) for a period of 10 years. Minimum annual rents agreed to are as follows:

<u>Years</u>	<u>Price per Square Foot</u>	<u>Minimum Annual Rent</u>
1-3	\$ 30.00	\$ 73,740.00
4-7	33.00	81,114.00
8-10	36.00	88,488.00

In addition to the minimum annual rents, the County is also responsible for common area maintenance, real estate taxes, media funding and promotion. On February 4, 2005, the agreement was amended to provide for payment to the landlord for undertaking the renovations and fit-out necessary for the relocation.

The amount expended by the County for this lease during the period under audit was \$215,868.84 which included the common area maintenance, real estate taxes, media funding and promotion.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 15. Lease Commitments (continued)

On November 20, 2001 the County authorized a lease agreement with 206 Courthouse, LLC for property located at 206 Courthouse Lane. The lease was to run from December 1, 2001 through November 30, 2006. Upon written notice to the landlord, the County can extend this lease three times for an additional three year period thereby extending the lease through 2015. During the first three years of the lease term, the County had agreed to a minimum annual rent of \$120,960.00. In years four and five, the minimum annual rent would increase to \$124,589.00. In addition to the minimum annual rent, there is a supplemental annual rent of \$23,501.00 for each of the five years of the lease term. The County is also responsible for real estate taxes and the cost of three parking spaces.

In a resolution dated December 20, 2006 and later amended by a resolution dated April 4, 2007, the County exercised its option by authorizing and executing an addendum to the lease agreement. The addendum extends the lease term for a period of three years, commencing December 1, 2006 and terminating November 30, 2009 and provides for an option to renew for three (3) additional years.

On November 20, 2009, the County executed the option to extend the term of the lease for a period of three years, commencing December 1, 2009 and terminating November 30, 2012 with an option to renew for three additional years. On December 19, 2012, the County executed the option to extend the term of the lease for an additional period of three years, commencing December 1, 2012 and terminating November 30, 2015. On December 16, 2015, the County executed the option to extend the term of the lease for an additional period of three years, commencing December 1, 2015 and terminating November 30, 2018. The amount expended by the County for this lease for 2018 rent was \$166,230.76.

On August 8, 2002, the County entered into a lease agreement with Richard S. Haines for space located at 7 Hadley Avenue. The lease will run from September 1, 2002 through August 31, 2010. Rent was established at \$5,250.00 per month with an annual 3% increase over the previous year's rent. The monthly rent payment will be offset by any rents paid by tenants currently in occupancy. This lease is described as a triple net lease which is defined as a lease where the tenant is solely responsible for all of the costs relating to the asset being leased. Examples are any upgrades, utilities and insurance. On December 16, 2009, the County and the landlord extended the lease for a term of eight (8) years commencing on January 1, 2010 and ending on December 31, 2017. The rent was established at \$6,000.00 per month with an annual increase determined by the previous year's rent based upon the Consumer Price Index. On October 18, 2017, the County and the landlord extended the lease for an additional five (5) year term commencing on January 1, 2018 and ending on December 31, 2022. The rent was established at \$6,548.59 per month. Upon the first anniversary and each year thereafter, the rent will increase to reflect increases per annum as determined by the previous year's rent based upon the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for New York, using 2017 as the base year, but in no event shall the rent be less than \$6,548.59 per month. The amount expended by the County for this lease for 2018 rent was \$104,438.12.

By way of resolution dated August 17, 2005, the County authorized and executed an agreement with the Ocean County Library Commission, the Township of Manchester and Commercial Net Lease Realty Services, Inc. for a portion of the premises known as Block 109, Lot 1 of the Township of Manchester also known as the Whiting Commons Shopping Center for the purpose of establishing a branch library facility within Manchester Township.

Commercial Net Lease Realty Services, Inc.'s rights under the agreement were assigned to NNN TRS, Inc., as successor by assignment. An amendment was made to the original lease on January 10, 2007

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 15. Lease Commitments (continued)

which was approved by resolution dated January 17, 2007. Said amendment provided for additional rent for the landlord's construction work in the amount of \$45,940.00 with half of that amount being due and payable on the rent commencement date, (the earlier of February 7, 2007 or opening day), and the balance being due six months thereafter.

The original lease and its subsequent amendment thereto, provided for a minimum monthly rent of \$5,000.00. In addition to the minimum monthly rent, the tenant is responsible for taxes, insurance, common area maintenance and operating expenses as well as the additional rent for landlord's construction work referred to above.

The initial term of the lease is for ten (10) years with zero (0) options to extend the term of the lease.

In a resolution dated April 18, 2007, the County acknowledged the transfer of ownership of the Whiting Commons to Paramount Commons at Whiting, LLC who thereby acquired the landlord's interest in the lease agreement.

Payments under the lease agreement for 2018 amounted to \$69,000.00. The County received \$30,000.00 from Manchester Township as its share of the rent. Manchester's share of the rent was treated as miscellaneous revenue by the County.

On June 15, 2016, the County entered into a lease agreement with Madison Avenue Office Complex, LLC for office space located at 16 Madison Avenue. The lease will run from July 1, 2016 through June 30, 2017. Rent was established at \$4,573.34 per month. The County has the option to renew the lease for three additional one-year terms commencing upon the expiration of the initial term. The annual base rent for each year of the option period shall be as determined by the parties. The amount expended by the County for this lease for 2018 rent was \$54,880.08.

On October 18, 2017, the County amended and modified the terms of the initial lease agreement. The new lease agreement will run from January 1, 2018 through December 31, 2020. In addition to Suite C of Building 2, the new agreement includes both Suites A and B. Monthly rent was established at \$9,146.68 for 2018, \$9,372.94 for 2019 and \$9,585.38 for 2020. The amount expended by the County for this lease for 2018 rent was \$54,880.08

Note 16. Ocean County Utilities Authority – Deficiency Advance Contract

Provisions of a deficiency advance contract (the "Contract" executed between the County and the Ocean County Utilities Authority (the "Authority") obligate the County to pay any principal and interest, which may become due on outstanding project or permanent bonds of the Authority. Although the County's obligation pursuant to the Contract is a direct and general obligation, the Authority anticipates that its operating costs and the principal and interest and reserve requirements on its obligations will be paid from the revenue derived from service charges to customers using the Authority's system. At December 31, 2018 the Authority's issued and outstanding debt principal was \$127,777,924.00. This number was abstracted from the most recent available audit of the Ocean County Utilities Authority.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 17. Risk Management

The County of Ocean is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. For the foregoing purpose it has established various trust funds to finance its self-insured retention program.

Certain component units and related entities, whose operating results are not otherwise reported in the basic financial statements of the County, make contributions to the trust funds, along with the County, based on actuarial estimates of the amounts needed to pay current and prior year claims. Following is a list of the coverage and the component units, if any associated with that coverage.

<u>Coverage's</u>	<u>Component Units and Related Entities</u>
Worker' Compensation	Board of Social Services Library Commission Mosquito Commission Private Industry Council
General Liability	Library Commission Mosquito Commission Private Industry Council
Automobile Liability	Library Commission Mosquito Commission Private Industry Council
Physical Damage	Library Commission Mosquito Commission Private Industry Council

The Actuarial Advantage, Inc. was engaged by the County to estimate their loss and loss adjustment expense reserves as of December 31, 2018 for their self-insured program. The County retains \$250,000.00 per occurrence for workers' compensation, general liability, automobile liability, public officials' liability and police professional liability coverage's. The County has obtained reinsurance in the private insurance marketplace for workers compensation, general and auto liability losses in excess of \$250,000.00 per occurrence.

The County, component unit and related entity participants in the self-insurance program make payments to the trust funds in accordance with the funding targets and timetable established by the review of Actuarial Advantages, Inc. The deposits in the trust funds at December 31, 2018, the most recent date for which information was available amounted to \$23,864,685.42, for funding of self-insured retentions. At December 31, 2015, the determined worth of open claims for self-insured risks was \$26,522,333, based on the requirements of Government Accounting Standards Board 10, which stipulates that a liability for claims be disclosed, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Self-insurance reserves for automobile liability, police professional liability and public official's liability met or exceeded the actuarially recommended amounts at December 31, 2018. Self-insurance reserves for workers' compensation and general liability were below the actuarially recommended amounts at year-end. The County budgets annually to replenish these reserves:

The year-end status of the County's self-insurance reserves are as follows:

COUNTY OF OCEAN

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Risk Management (continued)

<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Actuarial</u> <u>Recommendation</u> <u>at Dec. 31, 2017</u>	<u>Over/(Under)</u> <u>2017 Actuarial</u> <u>Recommended</u>	<u>Amount</u> <u>Raised in</u> <u>2019 Budget</u>	<u>Remainder to</u> <u>be Raised in</u> <u>Subsequent</u> <u>Budgets</u>
\$ 19,436,490.26	\$ 27,842,996.00	\$ (8,406,505.74)	\$ 8,150,000.00	\$ 256,505.74
371,696.52	723,732.00	(352,035.48)	400,000.00	-
494,702.71	517,652.00	(22,949.29)	23,000.00	-
536,669.54	392,231.00	144,438.54	1,000.00	-
628,740.55	1,225,529.00	(596,788.45)	699,075.00	-

The County purchases an Excess Liability Policy for all coverage's in excess of those provided through the application of the trust funds. The County is not able to estimate the possible losses related to these commercial coverage's.

Note 18. Contracts Payable

The County has committed design and construction contracts outstanding at December 31, 2018. These contracts are not accounted for separately. Contracts are encumbered at the time the bids are awarded. Outstanding contracts at year-end are reflected as encumbrances on the balance sheets of the respective funds of the County.

Note 19. Contingent Liabilities

State and Federal Assistance

The County receives financial assistance from the State of New Jersey and the U. S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018, the County estimates that no material liabilities will result from such audits.

Note 20. Community Disaster Loan

On May 10, 2013, the Governor's Office announced that the County of Ocean would be receiving FEMA's Community Disaster Loan (CDL). The County received \$5,000,000 which was the maximum allowed in the program, which funded the County's 2013 Budget for loss of ratables and tax appeals. This amount was recognized as revenue for the year ended December 31, 2013 in the Current Fund.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 20. Community Disaster Loan (continued)

The County submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$5,000,000 in relation to Super Storm Sandy losses and expenditures. The County drew down \$5,000,000 at 1.0% interest on September 6, 2013.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case September 6, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

When applicable, the Assistant Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

On July 5, 2017, the County received an approval letter cancelling \$3,974,153 of principal and related interest on the \$5,000,000 received bringing the outstanding balance to \$1,025,847 and accrued interest of \$44,294.11 as of December 31, 2017. The outstanding balance and accrued interest were paid in full on May 25, 2018.

Note 21. Board of School Estimates

The Board of School Estimates approved an Appropriation of \$19,011,166.00 for the Ocean County Vocational Technical School Year July 1, 2018 to June 30, 2019. The County funded this amount by appropriating \$19,011,166.00 in the County's 2019 budget.

The Board of School Estimates approved an Appropriation of \$15,601,682.00 for the Ocean County College Year July 1, 2018 to June 30, 2019. The County funded this amount by appropriating \$15,601,682 in the County's 2019 budget.

Note 22. Litigation

The County is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the County, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 23. Subsequent Events

The County has evaluated subsequent events through July 30, 2019, the date the financial statements were available to be issued.

On February 20, 2019 an ordinance authorizing the Design of the Reconstruction and Resurfacing of Certain County Roads, all in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor and authorizing the issuance of \$950,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 23. Subsequent Events (continued)

On February 20, 2019 an ordinance authorizing the Replacement of Morris Boulevard Bridge, Structure No. 1530-009, Located in the Township of Stafford, in the County of Ocean, State of New Jersey, and appropriating \$2,000,000 therefor and authorizing the issuance of \$1,900,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On February 20, 2019 an ordinance authorizing the Replacement of the Ridgeway Bridge, Structure No. 1518-002, Located in the Township of Manchester, in the County of Ocean, State of New Jersey, and appropriating \$2,500,000 therefor and authorizing the issuance of \$2,375,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Reconstruction and Resurfacing of Various County Roads, all Located in the County of Ocean, State of New Jersey, and appropriating \$12,677,467 therefor and authorizing the issuance of \$12,677,467 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Reconstruction of Van Zile Road, State Highway 70 to Burnt Tavern Road, Located in the Township of Brick, in the County of Ocean, State of New Jersey, and appropriating \$2,000,000 therefor and authorizing the issuance of \$1,900,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Various Engineering, Road, and Bridge Improvements, at Various Locations, all in the County of Ocean, State of New Jersey, and appropriating \$4,000,000 therefor and authorizing the issuance of \$3,800,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Rehabilitation and Repair of Various Bridges, in the County of Ocean, State of New Jersey, and appropriating \$2,000,000 therefor and authorizing the issuance of \$1,900,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Installation of New and Upgraded Traffic Control Devices at Various Locations, all in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor and authorizing the issuance of \$950,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Reconstruction and Resurfacing of Certain County Roads, all Located in the County of Ocean, State of New Jersey, and appropriating \$2,000,000 therefor and authorizing the issuance of \$1,900,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On April 17, 2019 an ordinance authorizing the Construction of Stormwater Management Facilities at Various Locations, all in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor.

On April 17, 2019 an ordinance authorizing the Renovations and Upgrades to the Justice Complex East Wing Courthouse and Corrections Facilities, Located in Toms River Township, in the County of Ocean, State of New Jersey, and appropriating \$3,025,000 therefor and authorizing the issuance of \$2,870,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 23. Subsequent Events (continued)

On May 15, 2019 an ordinance authorizing the Acquisition of Title, Rights-of-Way and/or Easements of Certain Parcels of Land (or Parts Thereof) for Road and/or Bridge Improvements Along County Roads, all in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor.

On May 15, 2019 an ordinance authorizing the Reconstruction and Widening of Cross Street-Phase I (East), Located in the Township of Lakewood, in the County of Ocean, State of New Jersey, and appropriating \$2,500,000 therefor and authorizing the issuance of \$2,375,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On May 15, 2019 an ordinance authorizing the Reconstruction of New Hampshire Avenue at Chestnut Street and State Route 70, Located in the Township of Lakewood, in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor and authorizing the issuance of \$950,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On May 15, 2019 an ordinance authorizing the Reconstruction of Princeton Avenue (Brushy Neck Road and Post Road), Located in the Township of Brick, in the County of Ocean, State of New Jersey, and appropriating \$600,000 therefor.

On May 15, 2019 an ordinance authorizing the Reconstruction of Toms River Road (CR 571), South Hope Chapel Road and Freehold Road, Located in the Township of Jackson, in the County of Ocean, State of New Jersey, and appropriating \$1,100,000 therefor and authorizing the issuance of \$1,045,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On May 15, 2019 an ordinance authorizing the Renovations and Upgrades to the Northern Resource Building Located in Lakewood Township, in the County of Ocean, State of New Jersey, and appropriating \$2,700,000 therefor and authorizing the issuance of \$2,565,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On May 15, 2019 an ordinance authorizing the Construction of a New One-Stop Student Services Center (Capital Renewal and Replacement Facilities Improvement Project FY 2019), State of New Jersey, and appropriating \$6,800,000 therefor and authorizing the issuance of \$6,800,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On June 19, 2019 an ordinance authorizing the Redevelopment of Various Parks and Park Property Acquisition, Including but Not Limited to Renovation to the Bait and Tackle Building at Lake Shenandoah Park, Lakewood Township, Upgrades to the Cox House, Barnegat Township and Improvements to the Mantoloking Bridge Park Fishing Pier, Brick Township, all in the County of Ocean, State of New Jersey, and appropriating \$2,300,000 therefor.

On June 19, 2019 an ordinance authorizing the Design and Permitting of Airpark T-Hangars Located at the Ocean County Airport, Berkeley Township, in the County of Ocean, State of New Jersey, and appropriating \$225,000 therefor.

On June 19, 2019 an ordinance authorizing the Helicopter Upgrades for the County Mosquito Commission, Located in the County of Ocean, State of New Jersey, and appropriating \$220,000 therefor.

COUNTY OF OCEAN

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2018

Note 23. Subsequent Events (continued)

On June 19, 2019 an ordinance authorizing the Development, Acquisition and Upgrades to the Barnegat Branch Trail at Various Locations, Including but Not Limited to the Section of Hickory Lane to Beachwood Boulevard, Located in Berkeley Township and Beachwood Borough, and Lacey Road Trailhead, Located in Lacey Township, all in the County of Ocean, State of New Jersey, and appropriating \$1,000,000 therefor and authorizing the issuance of \$950,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On June 19, 2019 an ordinance authorizing the Upgrades to the HVAC System at the Northern Animal Facility, Located in the Township of Jackson, County of Ocean, State of New Jersey, and appropriating \$600,000 therefor.

On June 19, 2019 an ordinance authorizing the Upgrades and Renovations to the Chestnut Street Facility Including but Not Limited to Exterior Improvements, Building Additions, Exhaust System Replacement to Buildings and Grounds Building #65 and Exhaust System Replacement to Vehicle Services Building #31, all Located in the Township of Toms River, County of Ocean, State of New Jersey, and appropriating \$1,900,000 therefor and authorizing the issuance of \$1,800,000 in Bonds or Bond Anticipation Notes of the County of Ocean to finance the same.

On July 17, 2019 an ordinance authorizing the Various Capital Improvements, Renovations and Repairs at Various Locations of the County Vocational Technical School District, all in the County of Ocean, and appropriating \$750,000 therefor.

On July 17, 2019 an ordinance authorizing the V Various Capital Replacements, Renovations and Upgrades at Various Branches of the County Library System, all in the County of Ocean, and appropriating \$300,000 therefor.

On July 17, 2019 an ordinance authorizing the Demolition of the Ocean County Jail and Sheriff's House Located in Toms River Township, in the County of Ocean, in the County of Ocean, and appropriating \$500,000 therefor.

APPENDIX C

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*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law.*

November __, 2019

Board of Chosen Freeholders of the
County of Ocean, New Jersey

Re: \$56,240,000 County of Ocean, New Jersey,
General Obligation Refunding Bonds, Series 2019

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the County of Ocean, New Jersey (the "County") of its General Obligation Refunding Bonds, Series 2019 in the aggregate principal amount of \$56,240,000 (the "Bonds"). The Bonds are general obligations of the County and the full faith, credit and taxing power of the County is available to pay the principal of and interest on the Bonds. The Bonds are dated the date of delivery, mature on August 1 in each of the years and bear interest at the rates payable on February 1, 2020 and semiannually thereafter on the first day of February and August in each year until maturity as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2020	\$7,775,000	5.00%	2026	\$4,615,000	5.00%
2021	5,465,000	5.00	2027	4,775,000	5.00
2022	5,770,000	5.00	2028	4,945,000	5.00
2023	6,140,000	5.00	2029	5,125,000	5.00
2024	4,305,000	5.00	2030	2,875,000	5.00
2025	4,450,000	5.00			

The Bonds are not subject to optional redemption prior to maturity.

The Bonds will be initially issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual

Board of Chosen Freeholders of the
County of Ocean, New Jersey
November __, 2019
Page

purchases may be made in the principal amount of \$1,000 or more through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a refunding bond ordinance of the County finally adopted by the County on October 2, 2019 (the "Ordinance"), and a resolution adopted by the County on October 2, 2019 (the "Resolution"). The Bonds are issued for the purpose of providing funds to: (i) refund all or a portion of the County's outstanding principal amount of (a) the taxable maturities of the General Improvement Bonds, Series 2009 maturing on August 1 of the years 2020, 2027 and 2029 (such bonds constituting Build America Bonds (Direct Pay)), (b) the taxable maturities of the General Improvement Bonds, Series 2010 maturing on August 1 of the years 2020 through 2030, inclusive (such bonds constituting Build America Bonds (Direct Pay)), (c) the General Obligation Refunding Bonds, Series 2010 maturing on August 1 of the years 2020 through 2023, inclusive, and (d) the General Improvement Bonds (Ocean County College – Gateway Building Project), Series 2010 maturing on December 1 of the years 2020 through 2024, inclusive, and 2026 through 2030, inclusive (collectively, the "Refunded Bonds"), and (ii) pay costs of issuance of the Bonds, as described in the Ordinance and the Resolution (collectively, the "Project"). The Project was authorized by the Ordinance and the Resolution.

In connection with the issuance of the Bonds, the County has entered into an Escrow Deposit Agreement, dated November __, 2019 (the "Escrow Deposit Agreement"), with TD Bank, National Association, as escrow agent (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds and other available moneys of the County will be deposited and held uninvested as cash or invested in direct and general obligations of the United States of America, the maturing principal of which and interest thereon shall, together with the uninvested cash, be used to pay the principal and redemption price of and interest on the Refunded Bonds through their respective redemption dates. Holman Frenia Alison, P.C., certified public accountants, has, based on certain information provided to it, verified the accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the investments purchased with the proceeds of the Bonds (and other available funds), together with the uninvested cash, to make payment of the principal and redemption price of and interest on the Refunded Bonds through their respective redemption dates. We have relied upon the verification of the sufficiency of the amounts to be held by the Escrow Agent in concluding that the Bonds are not "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code").

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Ordinance and the Resolution; (b) such matters of law including, *inter alia*, the Act and the Code; and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we

have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The County is a body politic and corporate of the State of New Jersey, duly and validly organized and existing under the laws of the State of New Jersey and authorized to undertake the Project, to adopt the Ordinance and the Resolution, and to issue and deliver the Bonds.

2. The Bonds have been duly authorized, issued, executed and sold by the County; the Ordinance and the Resolution have been duly authorized and adopted by the County; and the Bonds, the Ordinance and the Resolution are legal, valid and binding obligations of the County enforceable in accordance with their respective terms.

3. Assuming the County, Ocean County College and Kean University observe their respective covenants with respect to compliance with the Code, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In addition, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals.

4. Under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

5. The power and obligation of the County to pay the Bonds is unlimited, and the County shall be required to levy *ad valorem* taxes upon all taxable real property within the County for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Board of Chosen Freeholders of the
County of Ocean, New Jersey
November __, 2019
Page

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

GLUCKWALRATH LLP

APPENDIX D

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(Form of Continuing Disclosure Certificate)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$56,240,000 principal amount of its General Obligation Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to a Refunding Bond Ordinance (the "Ordinance") duly adopted by the Board of Chosen Freeholders of the Issuer (the "Board") on October 2, 2019, and a resolution duly adopted by the Board on October 2, 2019 (the "Resolution"). The Bonds are dated November 19, 2019 and shall mature on August 1 in the years 2020 through 2030, inclusive. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(b) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Bonds Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Official Statement" shall mean the Official Statement of the County, dated November 6, 2019, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of its fiscal year, commencing with the report for the fiscal year ending December 31, 2019, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement (including Appendix A thereto) dated November 6, 2019 prepared in connection with the sale of the Bonds, under the captions: "Schedule of Bond and Note Maturities", "Tax Information", "Ocean County Leading Tax Ratables - 2019", "County of Ocean Statement of Statutory Debt Condition (as of October 15, 2019)", "List of Authorized Debt (as of October 15, 2019)" and "Debt Ratios".

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes.
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which a disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically

required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities 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 reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: November 19, 2019

COUNTY OF OCEAN, NEW JERSEY

By: _____
Julie N. Tarrant, County Comptroller

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Ocean, New Jersey

Name of Bond Issue: \$56,240,000 General Obligation Refunding Bonds, Series 2019

Date of Issuance: November 19, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated November 19, 2019. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

COUNTY OF OCEAN, NEW JERSEY

By: _____
Name:
Title: