

COUNTY OF BERGEN

Financial Statements

December 31, 2013

(With Independent Auditor's Report Thereon)

COUNTY OF BERGEN

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Unmodified Opinions on Basic Financial Statements

Independent Auditor's Report

The Honorable County Executive and Members
Of the Board of Chosen Freeholders
County of Bergen, New Jersey

Report on the Financial Statements

We have audited the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2013 and 2012 of the County of Bergen, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statement of revenues and statement of expenditures of the Current fund for the year ended December 31, 2013, 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 conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey - regulatory basis; this includes 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 entity'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.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles

As described in note 1 of the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other accounting principles than 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 U.S. Generally Accepted Accounting Principles

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 of Bergen, New Jersey, as of December 31, 2013 and 2012 and the changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Bergen, New Jersey, as of December 31, 2013 and 2012 and the related statement of operations and changes in fund balances for the years then ended and the related and the related statement of revenues and statements of expenditures of the Current Fund for the year ended December 31, 2013 on the regulatory basis of accounting described in note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2014 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 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 County of Bergen's internal control over financial reporting and compliance.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

September 23, 2014

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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*

Independent Auditor's Report

The Honorable County Executive and Members
Of the Board of Chosen Freeholders
County of Bergen, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying regulatory basis balance sheets of the various funds and account groups as of December 31, 2013 and 2012 of the County of Bergen, New Jersey, and the related regulatory basis statements of operations and changes in fund balances for the years then ended and the related regulatory basis statements of revenues and statements of expenditures of the Current fund for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise County of Bergen, New Jersey's (the County) basic financial statements, and have issued our report thereon dated September 23, 2014

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 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Louis C. Mai CPA & Associates
Louis C. Mai

Louis C. Mai, Registered Municipal Accountant
No. CR00217

September 23, 2014

COUNTY OF BERGEN

Balance Sheet

Current Fund

December 31, 2013 and 2012

Assets	Ref.	2013	2012
Regular Fund:			
Cash	A-4	\$ 71,172,229	58,652,611
Imprest and Change Funds	A-10	2,470	2,470
Due from State - Special Election	A-25	<u>2,435,465</u>	<u>—</u>
		<u>73,610,164</u>	<u>58,655,081</u>
Receivables and other assets with full reserves:			
Added and Omitted Taxes	A-15	381,938	690,075
Bergen Pines Accounts Receivable	A-24	27,135,126	27,134,945
Sundry Receivable	A-13	26,704	21,556
Due from Grant Fund	A-9	<u>—</u>	<u>571,397</u>
		<u>27,543,768</u>	<u>28,417,973</u>
Total Current Fund		<u>101,153,932</u>	<u>87,073,054</u>
Federal and State Grant Fund:			
Grants receivable	A-21	20,750,871	21,490,551
Due from Current Fund	A-20	<u>273,373</u>	<u>—</u>
		<u>21,024,244</u>	<u>21,490,551</u>
		<u>\$ 122,178,176</u>	<u>108,563,605</u>

(Continued)

COUNTY OF BERGEN

Balance Sheet

Current Fund

December 31, 2013 and 2012

Liabilities, Reserves and Fund Balance	Ref.	2013	2012
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-16	\$ 16,105,224	11,704,000
Encumbrances payable	A-18	8,622,552	8,687,100
Contracts Payable	A-17	11,019,374	6,338,507
Other Reserves	A-8	2,319,110	1,693,808
Reserve for Grants Unappropriated	A-14	175,370	94,012
Due to Federal and State Grant Fund	A-20	273,373	—
Deferred Revenue	A-19	269,952	80,241
		<u>38,784,955</u>	<u>28,597,668</u>
Reserve for receivables and other assets		27,543,768	28,417,973
Fund balance	A-1	34,825,209	30,057,413
		<u>101,153,932</u>	<u>87,073,054</u>
Federal and State Grant Fund:			
Appropriated reserves	A-23	16,268,237	14,589,587
Encumbrances payable	A-22	4,756,007	6,329,567
Due to Current Fund	A-20	—	571,397
		<u>21,024,244</u>	<u>21,490,551</u>
		<u>\$ 122,178,176</u>	<u>108,563,605</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Operations and Changes in Fund Balance

Current Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenue and other income realized:		
Fund balance utilized	\$ 18,000,000	18,325,000
Miscellaneous revenue anticipated	137,641,115	123,905,555
Receipts from current taxes	371,021,714	358,524,718
Miscellaneous revenues not anticipated	10,657,960	13,297,360
Other credits to income:		
Unepended balance of appropriation reserves	1,369,095	3,584,628
Other credits	3,865	—
Interfund returned	571,397	—
Appropriations Canceled	4,916,407	3,572,425
Contracts payable canceled	1,065,716	497,747
Total income	<u>545,247,269</u>	<u>521,707,433</u>
Expenditures:		
Budget Appropriations - Original	498,398,757	486,989,311
Appropriations added by NJSA 40A:4-87	24,071,703	12,755,123
Other charges to income:		
Miscellaneous receivable	4,283	2,035
Interfunds advanced	4,730	571,397
Other charges to income	—	39,585
Total expenditures	<u>522,479,473</u>	<u>500,357,451</u>
Excess in revenue	22,767,796	21,349,982
Fund balance, January 1	<u>30,057,413</u>	<u>27,032,431</u>
	52,825,209	48,382,413
Decreased by utilized as anticipated revenue	<u>18,000,000</u>	<u>18,325,000</u>
Fund balance, December 31	<u>\$ 34,825,209</u>	<u>30,057,413</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2013

	Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 18,000,000	18,000,000	—
Miscellaneous Revenues :			
<i>Local Revenues:</i>			
Register of Deeds	3,329,900	3,572,173	242,273
Surrogate	496,100	538,013	41,913
Sheriff	1,803,500	2,159,637	356,137
Interest on Investments and Deposits	565,000	403,967	(161,033)
Park Fees and Revenue	8,544,300	8,621,178	76,878
Realty Transfer Fees	4,331,400	6,275,844	1,944,444
State of NJ - Court Lease	119,173	119,174	1
Election Ballot Printing	1,140,400	1,019,787	(120,613)
Reimbursement from State of NJ for State Prisoners held in County Jail	31,500	20,037	(11,463)
Bergen Regional Medical Center	240,000	240,000	—
Police and Fire Academy Fees	93,300	218,164	124,864
Reimbursement for In-Kind Grants	1,801,400	1,890,598	89,198
Animal Shelter Contracts	771,500	672,527	(98,973)
Animal Center - Other Fees	119,500	120,387	887
Shared Services Health Agreements	1,692,400	1,331,099	(361,301)
Bergen County Health Care Center	9,076,300	8,480,390	(595,910)
Shared Services Health Agreements - Kearney	60,000	60,000	—
Shared Services Health Agreements - 40 Passaic Street	570,500	353,252	(217,248)
Interlocal- Prosecutor's Office MOU	36,075	36,075	—
Interlocal- Interboro Regional Communications Network	290,000	290,000	—
	<u>35,112,248</u>	<u>36,422,302</u>	<u>1,310,054</u>
<i>State Aid:</i>			
County College Bonds - (NJSA 18A:64A-22.6)	<u>1,944,106</u>	<u>2,014,996</u>	<u>70,890</u>
<i>State Assumptions of Costs:</i>			
Social and Welfare Services (c.66, P.L. 1990):			
Division of Youth and Family Services	2,878,816	2,878,816	—
Supplemental Social Security Income	1,471,127	2,272,475	801,348
Psychiatric Facilities (e.73, P.L. 1990):			
Maintenance of Patients in State Institutions for.			
Mental Diseases	8,038,547	8,038,547	—
Mentally Retarded	27,588,539	27,588,539	—
Board of County Patients in State and Other Institutions			
Current Year	—	14,181	14,181
Prior Years	8,481	8,481	—
DDD Assessment Program	217,957	554,147	336,190
	<u>40,203,467</u>	<u>41,355,186</u>	<u>1,151,719</u>
<i>Public and Private Programs:</i>			
Area Plan Grant	7,282,405	7,282,405	—
Sexual Assault Nurse Examiner	71,725	71,725	—
County Environmental Health	166,700	166,700	—
Chronic Disease Self Management Program	25,000	25,000	—
Tuberculosis Control Program	17,850	17,850	—
Case Management Program (07/01/10-06/30/11)	133,562	133,562	—
VENTURE School Program	635,665	635,665	—
Unified Child Care	1,559,190	1,559,190	—
Aggressive Driving Enforcement	25,000	25,000	—
Victims of Crime Assistance (VOCA)	179,894	179,894	—
Early Intervention program	1,268,930	1,268,930	—
Megan's Law Grant	11,776	11,776	—
State Health Insurance Program	31,000	31,000	—

(continued)

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2013

	Budget	Realized	Excess or (Deficit)
Sheriff IV-D Reimbursement	561,959	561,959	—
Local Arts Program	91,299	91,299	—
State Community Partnership Program	850,429	850,429	—
Cancer Education / Early Detection	954,153	954,153	—
Personal Attendant Service -Hudson County	24,163	24,163	—
Children Interagency Coordinating Council	36,874	36,874	—
Bergen County HIV-CTS-PROGRAM	106,863	106,863	—
Victims Assistance Grant	55,000	55,000	—
Bioterrorism Preparedness Program LINCS	363,795	363,795	—
ADV-IOLTA Fund	21,280	21,280	—
Comprehensive Cancer Control Plan	130,800	130,800	—
Human Service Advisory Council	66,073	66,073	—
County Comprehensive Alcohol and Drug Program	1,110,700	1,110,700	—
Juvenile Justice Innovations Program	49,980	49,980	—
Homeless/ Sandy Homeowner and Rental Assistance	7,235,107	7,235,107	—
Bergen County Right to Know	43,738	43,738	—
Municipal Alliance Program	805,225	805,225	—
US Marshal Regional Fugitive Task Force	16,000	16,000	—
Senior Citizen and Disabled Resident Trans	1,865,541	1,865,541	—
Comprehensive Community Project	65,000	65,000	—
Clean Community Program	133,994	133,994	—
Mental Health Board Administration	24,000	24,000	—
Disabled Meals On Wheels	65,472	65,472	—
County Wide Respite Care Program	685,480	685,480	—
Personal Assistance Services	75,049	75,049	—
Medicaid Peer Grouping	1,900,034	1,900,034	—
Veteran's transportation	30,000	30,000	—
Gang, Gun & Narcotics Task Force	71,936	71,936	—
Juvenile Accountability incentive Grant	27,222	27,222	—
Mental Health Law Project	246,898	246,898	—
Tuberculosis Control Program	272,472	272,472	—
Spring House for Women	61,185	61,185	—
Water Waorks 2010 Restoration Grant	704,384	704,384	—
Sub Regional Transportation Planning	177,917	177,917	—
Prosecutor's Body Armor Replacement grant	11,446	11,446	—
County Police body Armor Replacement Grant	8,293	8,293	—
Water Works Preservation Plan Grant	50,000	50,000	—
Disabled Recreation Opportunities	25,000	25,000	—
HUD Homeless Management System	22,000	22,000	—
HUD Sup portative Housing program (05/01/11-04/30/12)	88,415	88,415	—
Seniors Farmers Market Nutrition	3,500	3,500	—
Domestic Violence Intervention Services	438,607	438,607	—
Sub Regional Transportation Planning	20,700	20,700	—
Special Senate Primary Election Reimbursement	2,923,457	2,923,457	—
Jobs Access/ Reverse Commute- Round #10	210,000	210,000	—
Special Child Health Care	10,005	10,005	—
Hmis-Cd Homeless management information	85,900	85,900	—

(continued)

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2013

	Budget	Realized	Excess or (Deficit)
Drug Recognition Expert Grant	25,000	25,000	—
NJ Historical Commission Operating Grant	43,599	43,599	—
Sheriff's Body Armor Replacement program	38,153	38,153	—
Workfirst NJ DOL Administration	114,461	114,461	—
Recreational Trails Program	24,700	24,700	—
STOP Violence Against Women	31,145	31,145	—
State Criminal Alien Assistance	81,920	81,920	—
Non Public School; Nursing	89,611	89,611	—
Workfirst NJ DOL Administration	40,000	40,000	—
New Freedom Mobility Management Program	80,000	80,000	—
New Freedom Mobility Operating Program	145,000	145,000	—
Triboro Shuttle Service	142,569	142,569	—
Personal Assistance Services - Camden County	65,923	65,923	—
Vision and Detention Alternatives	168,083	168,083	—
Basic Center Program Grant	153,929	153,929	—
Detention Facility Incentive Grant	12,500	12,500	—
Youth Complex Education Program	54,861	54,861	—
NACCHO Developing Capacity to Deliver CDSM	11,000	11,000	—
Overpeck Park Pathways (TE 2012 County of Bergen)	500,000	500,000	—
Subregional Technical Studies Program	300,000	300,000	—
	<u>36,358,496</u>	<u>36,358,496</u>	<u>—</u>
<i>Other Special Items:</i>			
Added and Omitted Taxes	770,316	770,316	—
Capital Surplus	660,000	660,000	—
Justice Center Parking	592,900	471,275	(121,625)
Motor Vehicle Surplus - Trust Fund	2,900,000	2,900,000	—
Bergen County Improvement Authority	1,397,000	1,309,667	(87,333)
Shared Services Pension Agreement	367,716	367,695	(21)
INS Inmates	5,032,200	6,066,952	1,034,752
Public Health Priority Funding	1,969,400	2,773,071	803,671
Shared Services - 911 Agreements	60,000	60,000	—
Register of Deeds - P.L. 2001 C370 2,90	3,018,200	3,296,945	278,745
Surrogate - P.L. 2001 C370	429,100	554,257	125,157
Sheriff - P.L. 2001 C370	147,700	187,500	39,800
Shared Services Police Services	286,000	286,000	—
Medicare Part D Reimbursement	1,358,900	894,459	(464,441)
Interlocal - 911 Agreement- Ridgfield	200,000	200,000	—
Housing Authority Lease	186,000	186,000	—
Interlocal - 911 Agreement- Lodi	200,000	251,000	51,000
Interlocal - 911 Agreement- Leonia	154,998	154,998	—
Interlocal - 911 Agreement- Teterboro	100,000	100,000	—
	<u>19,830,430</u>	<u>21,490,135</u>	<u>1,659,705</u>
Total Miscellaneous Revenues Anticipated	<u>133,448,747</u>	<u>137,641,115</u>	<u>4,192,368</u>
Subtotal General Revenues	151,448,747	155,641,115	4,192,368
Amount to be Raised by Taxation	<u>371,021,714</u>	<u>371,021,714</u>	<u>—</u>
Budget Totals	<u>522,470,461</u>	<u>526,662,829</u>	<u>4,192,368</u>
Miscellaneous Revenues not Anticipated (Nonbudget)	<u>—</u>	<u>10,657,960</u>	<u>10,657,960</u>
	<u>\$ 522,470,461</u>	<u>\$ 537,320,789</u>	<u>\$ 14,850,328</u>
Fund Balance Utilized		\$ 18,000,000	
Miscellaneous Revenues		137,641,115	
Amount to be Raised by Taxation		371,021,714	
Miscellaneous Revenues Not Anticipated		<u>10,657,960</u>	
		<u>\$ 537,320,789</u>	

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
<i>Legislative Branch</i>					
Board of Chosen Freeholders:					
Salaries and Wages	\$ 199,184	199,184	198,857	327	—
Clerk of the Board:					
Salaries and Wages	766,078	721,078	711,690	9,388	—
Other Expenses	441,505	476,505	473,943	2,562	—
Total Legislative Branch	<u>1,406,767</u>	<u>1,396,767</u>	<u>1,384,490</u>	<u>12,277</u>	<u>—</u>
<i>Executive Branch</i>					
County Executive:					
Salaries and Wages	959,983	949,983	942,413	7,570	—
Other Expenses	38,999	41,999	39,476	2,523	—
Total County Executive	<u>998,982</u>	<u>991,982</u>	<u>981,889</u>	<u>10,093</u>	<u>—</u>
Department of Administration and Finance					
Division of Treasury:					
Salaries and Wages	1,341,247	1,281,247	1,175,521	105,726	—
Other Expenses	48,275	48,275	34,060	14,215	—
Division of Fiscal Operations:					
Salaries and Wages	308,614	318,614	312,449	6,165	—
Other Expenses	2,609,655	2,634,655	2,546,106	88,549	—
Division of Personnel:					
Salaries and Wages	651,449	686,449	686,449	—	—
Other Expenses	35,300	35,300	23,078	12,222	—

(Continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Division of Purchasing:					
Salaries and Wages	\$ 733,356	736,356	727,695	8,661	—
Other Expenses	26,827	26,827	17,300	9,527	—
Division of Information Technology:					
Salaries and Wages	1,518,222	1,521,222	1,516,576	4,646	—
Other Expenses	539,285	719,285	704,952	14,333	—
Division of Risk management:					
Other Expenses	27,664,237	27,664,237	26,678,027	986,210	—
Health Benefits	42,989,846	42,989,846	42,989,846	—	—
Workers' Compensation	1,825,000	1,825,000	1,778,686	46,314	—
Central Municipal Court:					
Salaries and Wages	886,542	883,542	869,122	14,420	—
Other Expenses	36,795	36,795	23,939	12,856	—
Salary Adjustment	100,000	1,000	49	951	—
Terminal Pay					
Salaries and Wages	1,000,000	1,000,000	928,829	71,171	—
Matching Funds for Grants:					
Other Expenses	250,000	250,000	3,025	—	246,975
BCIA					
Other Expenses	1,401,000	1,401,000	1,401,000	—	—
Out-of-Country College Reimbursement	140,000	140,000	59,450	80,550	—
Total Department of Administration and Finance	<u>84,105,650</u>	<u>84,199,650</u>	<u>82,476,159</u>	<u>1,476,516</u>	<u>246,975</u>
Department of Health					
Division of Public Health:					
Salaries and Wages	1,525,073	1,365,073	1,365,073	—	—
Other Expenses	595,523	595,523	488,831	106,692	—
Bergen County Health Care Center:					
Salaries and Wages	6,570,879	6,620,879	6,540,423	80,456	—
Other Expenses	2,837,707	2,787,707	2,691,423	96,284	—
Division of Mental Health:					
Salaries and Wages	134,901	154,901	147,459	7,442	—
Other Expenses	3,575	3,575	1,696	1,879	—
Aid to Mental Health:					
Other Expenses	1,282,945	1,282,945	1,275,445	7,500	—
Public Health Priority Funding:					
Salaries and Wages	299,816	299,816	299,816	—	—
Other Expenses	36,000	51,000	49,621	1,379	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Shared Services Health Agreements:					
Salaries and Wages	\$ 1,412,737	1,412,737	1,412,737	—	—
Other Expenses	10,000	10,000	5,137	4,863	—
Division of Animal Center:					
Salaries and Wages	1,593,478	1,423,478	1,339,661	83,817	—
Other Expenses	486,717	486,717	437,451	49,266	—
Total Department of Health	<u>16,789,351</u>	<u>16,494,351</u>	<u>16,054,773</u>	<u>439,578</u>	<u>—</u>
Department of Human Services:					
Division of Family Guidance:					
Salaries and Wages	5,496,739	5,496,739	5,390,335	106,404	—
Other Expenses	704,784	704,784	423,398	281,386	—
Division of Community Services:					
Salaries and Wages	1,886,810	1,899,810	1,729,952	169,858	—
Other Expenses	3,598,713	3,598,713	3,303,241	295,472	—
Division of Aging:					
Salaries and Wages	642,974	592,974	463,186	129,788	—
Other Expenses	1,154,985	1,154,985	989,868	165,117	—
Division of Youth and Family Services:					
Other Expenses - State Share	2,878,816	2,878,816	2,878,816	—	—
Total Department of Human Services	<u>16,363,821</u>	<u>16,326,821</u>	<u>15,178,796</u>	<u>1,148,025</u>	<u>—</u>
Department of Law:					
Salaries and Wages	1,607,694	1,649,694	1,646,062	3,632	—
Other Expenses	55,675	61,675	54,036	7,639	—
Mental Patients in State Institutions:					
DMH&H Costs - State Share - Prior Years	8,481	8,481	8,481	—	—
DMH&H Costs - County Share - Prior Years	3,635	3,635	3,634	1	—
Other Expenses - County Share	315,000	315,000	227,024	87,976	—
Mentally Retarded-DDD Costs - State Share	27,588,539	27,588,539	27,588,539	—	—
Mental Diseases-DMH&H Costs - State Share	8,038,547	8,038,547	8,038,547	—	—
Mental Diseases-DMH&H Costs - County Share	3,732,343	3,732,343	3,732,343	—	—
Mentally Retarded-DDD Costs - County Share	685,586	685,586	685,586	—	—
Total Department of Law	<u>42,035,500</u>	<u>42,083,500</u>	<u>41,984,252</u>	<u>99,248</u>	<u>—</u>
Department of Public Safety					
Division of Police:					
Salaries and Wages	13,414,268	13,414,268	13,386,560	27,708	—
Other Expenses	550,041	550,041	514,561	35,480	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Division of Weight & Measures:					
Salaries and Wages	\$ 171,712	176,712	174,890	1,822	—
Other Expenses	3,756	3,756	2,270	1,486	—
Division of the Medical Examiner:					
Salaries and Wages	576,022	579,022	577,745	1,277	—
Other Expenses	371,043	371,043	296,418	74,625	—
Division of Emergency Management:					
Salaries and Wages	2,290,148	2,540,148	2,506,102	34,046	—
Other Expenses	2,056,396	2,056,396	1,720,145	336,251	—
Division of Law and Public safety:					
Salaries and Wages	1,515,708	1,515,708	1,483,400	32,308	—
Other Expenses	443,316	463,316	459,061	4,255	—
Total Department of Public Safety	<u>21,392,410</u>	<u>21,670,410</u>	<u>21,121,152</u>	<u>549,258</u>	<u>—</u>
Department of Public Works					
Division of General Services:					
Salaries and Wages	3,319,566	3,328,566	3,323,542	5,024	—
Other Expenses	9,802,267	9,384,267	8,292,341	1,091,926	—
Division of Administration:					
Salaries and Wages	733,338	778,338	772,028	6,310	—
Other Expenses	2,525	2,525	1,101	1,424	—
Division of Operations:					
Salaries and Wages	619,336	719,336	674,585	44,751	—
Other Expenses	2,968,660	3,538,660	3,212,404	326,256	—
Division of Engineering:					
Salaries and Wages	1,108,001	983,001	965,082	17,919	—
Other Expenses	62,700	62,700	34,466	28,234	—
Division of Mosquito Control:					
Salaries and Wages	1,197,157	1,252,157	1,252,157	—	—
Other Expenses	248,915	248,915	214,432	34,483	—
Total Department of Public Works	<u>20,062,465</u>	<u>20,298,465</u>	<u>18,742,138</u>	<u>1,556,327</u>	<u>—</u>
Department of Parks					
Division of Cultural and Historic Affairs:					
Salaries and Wages	171,211	180,211	177,307	2,904	—
Other Expenses	35,915	35,915	32,484	3,431	—
Division of Parks & Recreation:					
Salaries and Wages	6,847,886	7,047,886	6,993,182	54,704	—
Other Expenses	3,030,485	3,230,485	3,037,426	193,059	—
Total Department of Parks	<u>10,085,497</u>	<u>10,494,497</u>	<u>10,240,399</u>	<u>254,098</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Department of Planning and Economic Development					
Division of Construction Board Appeals:					
Other Expenses	\$ 650	650	363	287	—
Division of Planning and Economic Development:					
Salaries and Wages	1,843,002	1,843,002	1,664,489	178,513	—
Other Expenses	65,989	65,989	53,811	12,178	—
Division of Transportation Planning:					
Other Expenses	81,000	31,000	—	31,000	—
Total Department of Planning and Economic Development	1,990,641	1,940,641	1,718,663	221,978	—
<i>Total Executive Branch</i>	213,824,317	214,500,317	208,498,221	5,755,121	246,975
<i>Educational Agencies</i>					
Office of the Superintendent of Schools:					
Salaries and Wages	377,819	377,819	351,664	26,155	—
Other Expenses	19,689	19,689	17,399	2,290	—
Bergen County Vocational Schools:					
Other Expenses	29,190,098	29,190,098	28,706,813	483,285	—
Bergen County Community College:					
Other Expenses	16,008,250	16,008,250	10,704,436	5,303,814	—
Bergen County Special Services School:					
Other Expenses	8,404,427	8,404,427	7,903,919	500,508	—
<i>Total Educational Agencies</i>	54,000,283	54,000,283	47,684,231	6,316,052	—
<i>Constitutional Officers</i>					
Office of the County Surrogate:					
Salaries and Wages	1,542,008	1,542,008	1,485,044	56,964	—
Other Expenses	58,618	58,618	50,035	8,583	—
Office of the County Clerk:					
Salaries and Wages	2,493,058	2,493,058	2,446,335	46,723	—
Other Expenses	2,234,020	2,234,020	1,207,130	1,026,890	—
Office of the County Prosecutor:					
Salaries and Wages	27,172,156	27,132,156	26,480,237	651,919	—
Other Expenses	1,474,090	1,514,090	1,497,890	16,200	—
Office of the County Sheriff:					
Salaries and Wages	14,060,049	14,010,049	13,873,257	136,792	—
Other Expenses	417,924	577,924	557,793	20,131	—
Bureau of Identification - Sheriff					
Salaries and Wages	5,203,674	5,273,674	5,181,697	91,977	—
Other Expenses	110,669	111,669	110,571	1,098	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations			Expended	
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
County Jail - Sheriff					
Salaries and Wages	\$ 34,066,214	34,046,214	33,841,939	204,275	—
Other Expenses	5,929,058	5,768,058	5,217,679	550,379	—
<i>Total Constitutional Officers</i>	<u>94,761,538</u>	<u>94,761,538</u>	<u>91,949,607</u>	<u>2,811,931</u>	<u>—</u>
<i>Other Boards and Agencies</i>					
Board of Social Services-Welfare					
Administration-County Share	9,203,784	9,203,784	9,203,784	—	—
Temp. Assistance to Needy Families - County Share	561,119	561,119	460,000	101,119	—
Supplemental Security Income-State Share	1,471,127	1,471,127	1,300,000	171,127	—
Board of Taxation					
Salaries and Wages	508,554	508,554	470,593	37,961	—
Other Expenses	230	230	(29,909)	30,139	—
Board of Elections					
Salaries and Wages	402,978	422,978	420,185	2,793	—
Other Expenses	1,214,261	1,214,261	758,730	455,531	—
Superintendent of Elections					
Salaries and Wages	570,863	584,863	580,607	4,256	—
Other Expenses	282,039	282,039	258,500	23,539	—
Commissioner of Registration					
Salaries and Wages	955,870	955,870	911,922	43,948	—
Other Expenses	162,942	162,942	158,131	4,811	—
<i>Total Other Boards and Agencies</i>	<u>15,333,767</u>	<u>15,367,767</u>	<u>14,492,543</u>	<u>875,224</u>	<u>—</u>
<i>Public and Private Programs</i>					
Area Plan Grant	7,282,405	7,282,405	7,282,405	—	—
Sexual Assault Nurse Examiner	71,725	71,725	71,725	—	—
Recreational Trails Program	24,700	24,700	24,700	—	—
Overpeck Park Pathways TE 2012	500,000	500,000	500,000	—	—
Tuberculosis Control Program	17,850	17,850	17,850	—	—
Case Management Program	133,562	133,562	133,562	—	—
NAACHO Developing Capacity to Deliver	11,000	11,000	11,000	—	—
VENTURE School Program	635,665	635,665	635,665	—	—
Unified Child Care	1,559,190	1,559,190	1,559,190	—	—
Youth Complex Ed Program	54,861	54,861	54,861	—	—
Aggressive Driving Enforcement	25,000	25,000	25,000	—	—
Victims of Crime Assistance (VOCA)	179,894	179,894	179,894	—	—
Early Intervention program	1,268,930	1,268,930	1,268,930	—	—
Stop Violence Against Women	31,145	31,145	31,145	—	—
Work First NJ- Administration	40,000	40,000	40,000	—	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations			Expended	
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Right to Know	\$ 43,738	43,738	43,738	—	—
State/Community Partnership Program	850,429	850,429	850,429	—	—
Megan's Law Grant	11,776	11,776	11,776	—	—
2011 State Health Insurance Program	31,000	31,000	31,000	—	—
Sheriff IV-D Reimbursement	561,959	561,959	561,959	—	—
Local Arts Program	91,299	91,299	91,299	—	—
BC Comprehensive Community Project	65,000	65,000	65,000	—	—
Cancer Education / Early Detection	954,153	954,153	954,153	—	—
U.S. Marshal Regional Fugitive Task Force	16,000	16,000	16,000	—	—
Personal Assistance Service	24,163	24,163	24,163	—	—
Children Interagency Coordinating Council	36,874	36,874	36,874	—	—
Chronic Disease Self Management	25,000	25,000	25,000	—	—
Bergen County HIV-CTS-PROGRAM (1/1/12-12/31/12)	106,863	106,863	106,863	—	—
Victims Assistance Grant	55,000	55,000	55,000	—	—
Vision/ Detention Alternatives	168,083	168,083	168,083	—	—
Basic Center Program	153,929	153,929	153,929	—	—
ADV-IOLTA Fund	21,280	21,280	21,280	—	—
Detention Facility Incentive	12,500	12,500	12,500	—	—
Comprehensive Cancer Control	130,800	130,800	130,800	—	—
Human Service Advisory Council	66,073	66,073	66,073	—	—
County Comprehensive Alcohol and Drug Program	1,110,700	1,110,700	1,110,700	—	—
Bioterrorism Preparedness program LINCS	363,795	363,795	363,795	—	—
Sub regional transportation planning	177,917	177,917	177,917	—	—
Homeless/ Sandy Homeowners and Renter Assistance	7,235,107	7,235,107	7,235,107	—	—
Sub regional Technical Studies Program	300,000	300,000	300,000	—	—
Municipal Alliance Program	805,225	805,225	805,225	—	—
Special Senate Primary Election Reimbursement	2,923,457	2,923,457	2,923,457	—	—
Senior Citizen and Disabled Resident Trans	1,865,541	1,865,541	1,865,541	—	—
Drug Recognition Expert	25,000	25,000	25,000	—	—
Non Public School Health Program	89,611	89,611	89,611	—	—
Clean Community Program	133,994	133,994	133,994	—	—
Mental Health Board administration	24,000	24,000	24,000	—	—
Disabled Meals On Wheels	65,472	65,472	65,472	—	—
County Wide Respite Care Program	685,480	685,480	685,480	—	—
Personal Assistance Services	75,049	75,049	75,049	—	—
Medicaid Peer Grouping	1,900,034	1,900,034	1,900,034	—	—
Veteran's transportation	30,000	30,000	30,000	—	—
Gang, Gun & Narcotics Task Force	71,936	71,936	71,936	—	—
Juvenile Justice Innovations	49,980	49,980	49,980	—	—
Mental Health Law Project	246,898	246,898	246,898	—	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Work First NJ DOL Administration	\$ 114,461	114,461	114,461	—	—
Work First NJ DOL Administration	—	—	—	—	—
Spring House for Women	61,185	61,185	61,185	—	—
Homeland security program	—	—	—	—	—
Juvenile Accountability Incentive	27,222	27,222	27,222	—	—
Prosecutor's Body Armor Replacement grant	11,446	11,446	11,446	—	—
County Police body Armor Replacement Grant	8,293	8,293	8,293	—	—
Disabled Recreation Opportunities	30,000	30,000	30,000	—	—
HUD Homeless Management System	85,900	85,900	85,900	—	—
HUD Veteran's Supportive Housing program	88,415	88,415	88,415	—	—
Seniors Farmers Market Nutrition	3,500	3,500	3,500	—	—
TriBoro Shuttle Service	142,569	142,569	142,569	—	—
Domestic Violence Intervention Services	438,607	438,607	438,607	—	—
State Criminal Alien Assistance	81,920	81,920	81,920	—	—
TB Control in Bergen County	272,472	272,472	272,472	—	—
Jobs Access/ Reverse Commute- (1/1/12-12/31-13)	210,000	210,000	210,000	—	—
Special Child Health Care	10,005	10,005	10,005	—	—
Hmis-Cd Homeless management information	22,000	22,000	22,000	—	—
NJ Historical Commission Operating Grant	43,599	43,599	43,599	—	—
Sheriff's Body Armor Replacement program	38,153	38,153	38,153	—	—
Susan G Kormen - Client transportation	—	—	—	—	—
Sub regional Internship Program	20,700	20,700	20,700	—	—
County Environmental Health Program (07/1/12-6/30/13)	166,700	166,700	166,700	—	—
Personal Attendant Services	65,923	65,923	65,923	—	—
New freedom Mobilty Management	80,000	80,000	80,000	—	—
New Freedom Operating Program	145,000	145,000	145,000	—	—
Water Works Preservation Plan	50,000	50,000	50,000	—	—
Water Works Restoration Plan	704,384	704,384	704,384	—	—
<i>Total Public and Private Programs</i>	<u>36,363,496</u>	<u>36,363,496</u>	<u>36,363,496</u>	<u>—</u>	<u>—</u>
TOTAL	<u>415,690,168</u>	<u>416,390,168</u>	<u>400,372,588</u>	<u>15,770,605</u>	<u>246,975</u>
Detail:					
Salaries and Wages	150,796,374	150,920,374	148,398,903	2,521,471	—
Other Expenses (Including contingent)	264,893,794	265,469,794	251,973,685	13,249,134	246,975
Capital Improvements					
Capital Improvement Fund	1,350,000	1,350,000	1,350,000	—	—
Acquisition of Office Equipment	100,000	100,000	47,465	52,535	—
Total Capital Improvements	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,397,465</u>	<u>52,535</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2013

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
County Debt Service					
Payment of Bond principal:					
State Aid-County College Bonds	\$ 3,168,000	3,168,000	3,168,000	—	—
Vocational School Bonds	5,695,000	5,695,000	5,369,000	—	326,000
Other Bonds	30,647,085	30,647,085	30,647,085	—	—
Interest on Bonds:					
State Aid-County College Bonds	913,343	913,343	913,343	—	—
Vocational School Bonds	2,222,087	2,222,087	2,044,913	—	177,174
Other Bonds	22,244,517	22,244,517	19,078,226	—	3,166,291
Other Bonds					
Interest on Notes	925,000	925,000	110,842	—	814,158
Green Trust Program:					
Loan Repayments for Principal and Interest	500,000	500,000	314,191	—	185,809
Total County Debt Service	<u>66,315,032</u>	<u>66,315,032</u>	<u>61,645,600</u>	<u>—</u>	<u>4,669,432</u>
Public Employees' Retirement System	9,100,000	9,100,000	9,045,266	54,734	—
Social Security System (O.A.S.I.)	12,125,261	11,425,261	11,290,599	134,662	—
Unemployment compensation insurance-(NJSA 43:21-3)	830,000	830,000	830,000	—	—
Police and Firemen's Retirement System	16,900,000	16,900,000	16,816,339	83,661	—
Define Contribution retirement Program (DCRP)	60,000	60,000	50,973	9,027	—
Total Statutory Expenditures	<u>39,015,261</u>	<u>38,315,261</u>	<u>38,033,177</u>	<u>282,084</u>	<u>—</u>
Total General Appropriations	<u>\$ 522,470,461</u>	<u>522,470,461</u>	<u>501,448,830</u>	<u>16,105,224</u>	<u>\$ 4,916,407</u>
Adopted Budget		\$ 498,398,757	\$ 458,062,783	Cash Disbursed	
Added by N.J.S.A. 40A:4-87		24,071,703		Transferred from Regular Trust Fund:	
Modified Budget		<u>\$ 522,470,460</u>	(2,950,000)	Motor Vehicle Fines	
			8,622,552	Encumbrances	
			—	Self Insurance Trust Fund	
			1,350,000	Capital Fund Appropriations	
			<u>\$ 36,363,495</u>	Res. for Federal and State Grants	
			<u>501,448,830</u>		

See accompanying notes to financial statements.

COUNTY OF BERGEN

Balance Sheet

Trust Funds

December 31, 2013 and 2012

Assets	Ref.	2013	2012
Regular Trust Fund:			
Cash	B-1	\$ 75,492,961	81,549,189
Accounts Receivable	B-2	19,718	9,646
Due from Community Development Trust Fund	B-23	22,500	22,500
		<u>75,535,179</u>	<u>81,581,335</u>
Self-Insurance Trust Fund:			
Cash	B-1	5,058,296	6,101,705
		<u>5,058,296</u>	<u>6,101,705</u>
Community Development Trust Fund			
Cash	B-1	2,100,123	2,058,532
Due from US Department of Housing & Urban Development - Letters of Credit	B-13	25,427,986	26,629,647
HOME Improvement Program Mortgage Receivable	Contra	9,220,385	9,630,788
Small Business Loans	Contra	176,049	203,743
HOME Investment Mortgages	Contra	9,218,254	9,218,254
American Dream Mortgages	Contra	16,471,254	16,819,754
Principal on American Dream Mortgages	Contra	113,500	113,500
Accounts Receivable - Recover Fees - Court Order	B-15	9,850	9,850
		<u>62,737,401</u>	<u>64,684,068</u>
		<u>\$ 143,330,876</u>	<u>152,367,108</u>
Liabilities and Reserves			
Regular Trust Fund:			
Reserve for Dedicated Revenue:			
Motor Vehicle Fines and Road Openings	B-3	\$ 3,387,420	3,954,894
Weight and Measures	B-5	283,379	358,592
Miscellaneous Trust Accounts	B-6	15,614,671	14,235,857
Reserve for Encumbrances	B-9	1,049,053	712,417
Contracts Payable	B-10	31,730,920	45,865,607
Road Permit Deposits	B-4	442,080	400,290
Open Space Trust Fund	B-7	9,078,289	2,015,015
Prosecutor's Trust Funds	B-8	13,949,367	14,038,663
		<u>75,535,179</u>	<u>81,581,335</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance Trust Fund	B-11	5,048,766	5,976,996
Contracts Payable	B-11	9,530	124,709
		<u>5,058,296</u>	<u>6,101,705</u>
Community Development Trust Fund:			
Reserve for Expenditures	B-14	22,514,217	22,901,149
HOME Improvement Mortgages - Principal	B-16	992,031	1,884,024
HOME Improvement Mortgages - Interest	B-17	2,345,036	2,126,167
Due to Regular Trust Fund		22,500	22,500
Reserve for:			
HOME Improvement Program Mortgages Receivable	Contra	9,220,385	9,630,788
Small Business Loans	Contra	176,049	203,743
HOME Investment Mortgages	Contra	9,218,254	9,218,254
American Dream Mortgages	Contra	16,471,254	16,819,754
Principal on American Dream Mortgages	Contra	113,500	113,500
Program Income	B-18	936,197	1,061,197
Small Business Loans - Application Fees	B-19	100	100
Small Business Loans - Principal	B-20	510,748	483,054
Small Business Loans - Interest	B-21	52,598	49,365
Interest on HOME Improvement Mortgage Investments	B-22	34,231	34,032
First Time Home Buyer Down Payment Act		130,301	136,441
		<u>62,737,401</u>	<u>64,684,068</u>
		<u>\$ 143,330,876</u>	<u>152,367,108</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Balance Sheet
Regulatory Basis
General Capital Fund

December 31, 2013 and 2012

Assets	Ref.	2013	2012
Cash	C-2,C-3	\$ 51,215,994	37,064,073
Infrastructure Trust Loan Receivable	C-14	170,639	170,639
NJ DOT Receivable	C-11	1,216,073	500,000
Deferred charges to future taxation unfunded	C-7	321,755,674	313,319,369
Deferred charges to future taxation funded	C-5	540,872,064	515,522,564
		<u>864,014,450</u>	<u>829,512,572</u>
		<u>\$ 915,230,444</u>	<u>866,576,645</u>
Liabilities, Reserves and Fund Balance			
Encumbrances payable	C-4, C-8	\$ 85,230,572	64,573,607
Improvement authorizations:			
Funded	C-8	27,655,726	34,136,672
Unfunded	C-8	257,430,724	251,199,651
Reserve for Arbitrage Rebate	C-13	59,442	89,032
Reserve for Preliminary Costs	C-15	1,434	1,434
General Serial Bonds	C-9	535,382,000	509,252,000
Green Trust Loan	C-12	767,582	1,061,998
Environmental Infrastructure Trust Loan Payable	C-16	4,722,482	5,208,566
Capital Improvement Fund	C-6	298,425	114,425
Fund balance	C-1	<u>3,682,057</u>	<u>939,260</u>
		<u>\$ 915,230,444</u>	<u>866,576,645</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2013 of \$313,319,369 and \$321,755,674 respectively (Exhibit C-10).

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Fund Balance
 Regulatory Basis
 General Capital Fund

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Balance, Beginning of year	\$ 939,260	669,016
Increased by:		
Premium on sale of bonds	1,792,366	74,390
Improvement authorizations canceled	41,177	—
Outside funding for bonded projects	1,569,254	855,854
	<u>3,402,797</u>	<u>930,244</u>
	4,342,057	1,599,260
Decreased by budget appropriation	<u>660,000</u>	<u>660,000</u>
Balance, End of year	<u>\$ 3,682,057</u>	<u>939,260</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of General Fixed Assets

General Fixed Asset Account Group

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 525,654,588	525,654,588
Improvements	291,144,118	291,144,118
Equipment	<u>101,213,782</u>	<u>99,168,138</u>
Total fixed assets	<u>\$ 918,012,488</u>	<u>915,966,844</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification established seven fund types and two account groups 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 financial statements of the County of Bergen have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the County accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

Scope of Financial Statements

The accompanying financial statements include only activities related to the County of Bergen and do not include the activity of autonomous agencies. This report includes the audit of Federal and State grants which complies with the Single Audit Act Amendments of 1996, and various other federal and state pronouncements.

Reporting Entity

GASB Statement 14 establishes criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services requires the financial statements of the County to be reported separately. Such reporting is not in accordance with Generally Accepted Accounting Principles.

The County has various departments reported upon separately and, in substance, are an integral part of the primary government. These departments are considered to be component units and would be shown as blended units in the financial statements under GASB Statement 14.

The County also reports separately on the Bergen County Board of Social Services, which would be shown as a blended unit in the financial statements under GASB Statement 14 as Proprietary Funds.

Inasmuch as their activities are administered by separate Boards, the financial statements of the following entities are reported separately and would be discreetly shown on the financial statements:

Bergen County Community College
Bergen County Vocational Schools
Bergen County Special Services School
Bergen County Housing Authority

In April 1995, the State adopted a law that gives the County Executive the authority to veto the minutes of a Utility Authority, Sewerage Authority and Improvement Authority. Based on this law and the criteria set forth in GASB Statement 14, this change would require the financial statement of

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

the Bergen County Utilities Authority, the Northwest Bergen County Utilities Authority and the Bergen County Improvement Authority to be blended into the County financial statements as opposed to being shown discretely. The audit reports of the above entities are available at each individual entities location.

Description of Funds

The accounting policies of the County of Bergen conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the County of Bergen are organized on the basis of funds, which is different from the fund structure required by GAPP. A fund is an accounting entity with a separate set of self balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the County accounts for its financial transactions through the following individual funds:

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

General Fixed Assets – used to account for investments in and disposal of fixed assets used in general governmental operations. Infrastructure assets are not recorded.

Basis of Accounting

A modified accrual basis of accounting is followed with minor exceptions. The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from GAAP applicable to local governments units. The more significant differences are explained in the following paragraphs.

- Budgets and Budgetary Accounting - an annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the County and approved by the State Division of Local Government Services, in accordance with N.J.S.A. 40A:4 et seq. Budgets are adopted on the same basis of accounting utilized for the preparation of the County's financial statements.
- Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the County's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

- Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures in the Current Fund, to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.
- Encumbrances - contractual orders at December 31, are reported as expenditures through establishment of reserve for encumbrances. Encumbrances do not constitute expenditures or liabilities under GAAP.
- Appropriation Reserves - are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriations reserves are recorded as additions to income. Appropriation reserves are not established under GAAP.
- Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligations.
- Interfunds – advances from the Current Fund are reported as interfunds receivable with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfunds receivable in the other funds are not offset by reserves. Under GAAP, interfunds receivable are not recorded through operations.
- Deferred Charges to Future Taxation – Funded and Unfunded – Upon the authorization of capital projects, the County establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the N.J.S.A. 40A:2-4, the County may levy taxes on all taxable property within the local unit, to repay the debt. Annually, the County raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduces. GAAP does not require the establishment of deferred charges to future taxation and records proceeds of debt issued as revenue.
- Improvement Authorizations – in the General Capital Fund represent the unexpended balance of an ordinance appropriation and is similar to the unexpended portion of the budget in the Current Fund. GAAP does not recognize these amounts as liabilities.
- General Fixed Assets – N.J.A.C. 5:30-5.6 codifies Technical Accounting Directive No. 89-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, requires the inclusion of a statement of general fixed assets of the County as part of its basic financial statements. It also requires the County to place a value on all fixed assets put into service, to maintain a subsidiary ledger of detailed records of fixed assets and to provide property management standards to control fixed assets. General Fixed Assets are defined as non-expendable personal property having a physical existence, a useful life of more than five years and an acquisition cost of \$5,000 or more per unit. Public domain (“infrastructure”) general fixed assets consisting of certain

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

- Inventories of Supplies – the cost of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The cost of inventories is not included on various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.
- Use of Estimates – the preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey require management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.
- Investments – Investments are carried at cost. Investments are limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of, or guaranteed by, the federal government and bonds or other obligations of federal or local units having a maturity date of not more than twelve months from the date of purchase. The County's investments consisted of Certificates of Deposits and the Joint Account NJ Asset and Rebate Management Program. Investments in this fund at December 31, 2011 consisted primarily of U.S. Government and Agency Obligations (96.68%), Collateralized Repurchase Agreements (4.30%). The Joint Account has not provided or obtained any legally binding guarantees to support the value of the shares.

Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the financial statements in accordance with GAAP. The County presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP.

(2) *Long-Term Debt*

Summary of County Debt

The Local Bond Law, N.J.S.A. 40A:2, governs the issuance of bonds to finance general municipal and utility capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the county are general obligation bonds, backed by the faith and credit of the County. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

General Serial Bonds Payable

The County has outstanding at December 31, 2013 various general serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2013 and the short term liability for each issue:

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

Summary of General Serial Bonds Activities

Description	Balance December 31, 2012	Increase	Decrease	Balance December 31, 2013	Principal Due by December 31, 2014
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	595,000	—	595,000	—	—
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	43,000	—	43,000	—	—
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	249,000	—	249,000	—	—
General Improvement Bonds					
Issued 09/01/2003	3,150,000	—	3,150,000	—	—
School Bonds					
Issued 09/01/2003	475,000	—	475,000	—	—
College Bonds					
Issued 09/01/2003	58,000	—	58,000	—	—
General Obligation Refunding Bonds					
Issued 10/01/2003	4,575,000	—	1,550,000	3,025,000	1,525,000
General Improvement Bonds					
Issued 10/15/2004	19,411,000	—	17,211,000	2,200,000	2,200,000
School Bonds					
Issued 10/15/2004	8,400,000	—	7,400,000	1,000,000	1,000,000
County College Bonds					
Issued 10/15/2004	2,644,500	—	385,000	2,279,500	385,000
County College Bonds (County College Bond Act, P.L. 1971, c72) Issued 10/15/2004	2,644,500	—	385,000	2,279,500	385,000
General Improvement Bonds					
Issued 11/15/2005	29,345,000	—	21,645,000	7,700,000	3,300,000
Special Services/Vocational School Bonds					
NJ School Bond Reserve Act	1,950,000	—	600,000	1,350,000	650,000
General Improvement Bonds					
Issued 10/15/2006	30,449,000	—	2,250,000	28,199,000	2,500,000
Special Services/Vocational School Bonds					
NJ School Bond Reserve Act	6,151,000	—	575,000	5,576,000	600,000
General Improvement Bonds					
Issued 10/15/2007	35,505,000	—	2,600,000	32,905,000	2,750,000
Special Services/Vocational School Bonds					
Issued 10/15/2007	7,445,000	—	610,000	6,835,000	635,000
County College Bonds					
Issued 10/15/2007	3,935,000	—	475,000	3,460,000	500,000
State Aid County College Bonds					
Issued 10/15/2007	3,935,000	—	475,000	3,460,000	500,000
Mini Bonds					
Issued 12/21/2007	650,000	—	—	650,000	—
General Obligation Bonds					
Issued 11/01/2008	38,833,000	—	2,800,000	36,033,000	3,000,000
School Bonds					
Issued 11/01/2008	14,662,000	—	1,150,000	13,512,000	1,200,000
County College Bonds					
Issued 11/01/2008	2,195,000	—	240,000	1,955,000	250,000
State Aid County College Bond					
Issued 11/01/2008	2,195,000	—	240,000	1,955,000	250,000
Hospital Bonds					
Issued 11/01/2008	10,226,000	—	800,000	9,426,000	825,000

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

Description	Summary of General Serial Bonds Activities (continued)			Balance December 31, 2013	Principal Due by December 31, 2014
	Balance December 31, 2012	Increase	Decrease		
Mini Bonds					
Issued 12/12/2008	610,000	—	—	610,000	—
General Improvement Bonds					
Issued 11/01/09	71,752,000	—	3,300,000	68,452,000	3,575,000
Special Services Vocation School Bonds					
Issued 11/01/2009	5,523,000	—	325,000	5,198,000	350,000
Hospital Bonds					
Issued 11/01/09	3,668,000	—	235,000	3,433,000	245,000
General Improvement Bonds					
Issued 11/01/2010	43,365,000	—	2,100,000	41,565,000	1,900,000
Vocational School Bonds					
Issued 11/01/2010	4,557,000	—	310,000	4,247,000	320,000
County College Bonds					
Issued 11/01/2010	982,000	—	105,000	877,000	110,000
State Aid County College Bonds					
Issued 11/01/2010	981,000	—	105,000	876,000	110,000
County Taxable Bonds, Series B					
Issued 11/01/2010	11,847,000	—	1,370,000	10,477,000	1,470,000
General Improvement Bonds					
Issued 12/01/2011	41,448,000	—	1,600,000	39,848,000	1,800,000
School Bonds					
Issued 12/01/2011	2,875,000	—	150,000	2,725,000	150,000
County Taxable Bonds					
Issued 12/01/2011	2,032,000	—	300,000	1,732,000	300,000
General Improvement Refunding					
Issued June 5, 2012	15,770,000	—	60,000	15,770,000	3,135,000
Vocational Schools Refunding					
Issued June 5, 2012	2,320,000	—	10,000	2,320,000	465,000
Vocational Schools					
Issued Dec. 1, 2012	10,000,000	—	600,000	9,400,000	600,000
General Improvement					
Issued Dec. 1, 2012	35,800,000	—	1,500,000	34,300,000	1,500,000
County Taxable Bonds					
Issued Dec. 1, 2012	5,600,000	—	400,000	5,200,000	400,000
County College Bonds					
Issued June 15, 2012	4,250,000	—	350,000	3,900,000	350,000
State Aid County College Bonds					
June 15, 2012	4,250,000	—	350,000	3,900,000	350,000
BCIA Government Loans Taxable					
May 1, 2012	9,744,000	—	179,000	9,565,000	860,000
BCIA Government Loans Taxable					
Vocational Schools					
Issued May 1, 2012	876,000	—	25,000	851,000	281,000
BCIA Government Loans Taxable					
BD of Social Services					
Issued May 1, 2012	941,000	—	15,000	926,000	65,000
General Improvement refunding bonds of 2013, Series A-1, issued Apr. 15,2013	—	33,035,000	375,000	32,660,000	—
Special Services/ Vocational School Refunding Bonds, Series A-2,Issued Apr.15, 2013	—	6,250,000	—	6,250,000	—
County College Bonds of 2013, Series B-1, Issued Jun. 1,2013	—	750,000	—	750,000	150,000
County College Bonds of 2013, Series B-2, Issued Jun. 1, 2013	—	750,000	—	750,000	150,000
General Improvement Bonds of 2013, Series C-1, Issued Dec. 1, 2013	—	57,855,000	—	57,855,000	1,875,000
Vocational Services/ Vocational School Bonds of 2013, Series C-2, Issued Dec. 1, 2013	—	7,145,000	—	7,145,000	250,000
\$	509,252,000	105,785,000	79,655,000	535,382,000	43,216,000

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

The repayment schedule of annual debt service principal and interest for the next five years, and five-year increments there-after, for bonded debt issued and outstanding is as follows:

<u>Principal and Interest Repayment Schedule as of December 31, 2013</u>				
<u>Year Ending</u>		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
<u>December 31,</u>				
2014	\$	61,113,563	43,216,000	17,897,563,
2015		62,351,143	45,820,000	16,531,143
2016		63,046,744	47,923,000	15,123,744
2017		63,424,651	49,450,000	13,974,651
2018		63,931,515	51,545,000	12,386,515
2019-2023		236,099,343	199,930,000	36,169,343
2024-2028		95,817,296	86,103,000	9,714,296
2029-2031		12,300,800	11,395,000	905,800
	\$	<u>658,085,055</u>	<u>535,382,000</u>	<u>122,703,055</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .51%. The Average Equalized Valuation Basis on the County at December 31, 2013 is \$165,344,818,875.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Green Trust and Environmental Loans	\$ 5,490,063	\$ —	\$ 5,490,063
Serial and Term Bonds	535,382,000	13,197,999	522,184,001
Authorized but not Issued -			
General Bonds and Notes	321,755,674	—	321,755,674
Bonds Issued and Authorized but			
Not Issued by Another Public Entity			
- Guaranteed by the County	441,874,000	441,874,000	—
	\$ <u>1,276,829,933</u>	\$ <u>490,039,000</u>	\$ <u>849,429,738</u>

Net Debt of \$849,429,738 divided by Average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$165,344,818,875 equals .51%.

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

2% of Equalized Valuation Basis	\$ 3,306,896,377
Net Debt	849,429,738
Excess Borrowing Power	2,457,446,639

Loans Payable

Green Trust Loan Payable

The County has received four Green Trust Loans originally totaling \$5,527,670, with an interest rate of 2%. Principal and interest payments are due semi-annually until maturity on 2016. Two payments totaling \$294,416 in principal and \$19,775 in interest were made during the year ended December 31, 2013. The outstanding balance at December 31, 2012 and 2013 is \$1,061,998 and \$790,923,

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

respectively. Payments due within the year ended December 31, 2014 total \$314,191 of which \$300,334 is principal and \$13,857 is interest.

Principal and Interest Repayment Schedule as of December 31, 2013

<u>Year Ending December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 314,191	300,334	13,857
2015	314,191	306,370	7,821
2016	162,541	160,878	1,663
	<u>\$ 790,923</u>	<u>767,582</u>	<u>23,341</u>

Environmental Infrastructure Trust Loan Payable

In October, 2007 the county was awarded a loan from the New Jersey Environmental Infrastructure Trust for the construction of the Overpeck Landfill Park including the construction of a landfill leachate system, stabilization of banks, storm water management and preparation of the site for redevelopment. The loan consists of two components as follows:

The first component is a Trust Loan in the original amount of \$3,675,000 with a variable interest rate. Principal payments are due annually on August 1 and interest payments are due semi-annually on February 1 and August 1. Payments totaling \$128,740 in interest and \$230,000 in principal were made during the year ended December 31, 2013. The outstanding balance at December 31, 2012 and 2013 is \$2,835,000 and \$2,605,000, respectively. Payments due within one year, or during the fiscal year ended December 31, 2014, and total \$360,690 of which \$240,000 is principal and \$120,690 is interest.

The second component is a Fund Loan in the original amount of \$3,708,149, with no interest due. Principal payments are due semi-annually on February 1 and August 1. Payments totaling \$256,084 in principal were made during the year ended December 31, 2013. The outstanding balance at December 31, 2012 and 2013 is \$2,373,566 and \$2,117,482, respectively. Payments due within one year, or during the fiscal year ended December 31, 2013 total \$257,476, which consists entirely of principal.

Principal and Interest Repayment Schedule as of December 31, 2013

<u>Year Ending December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 618,166	497,476	120,690
2015	620,497	508,447	112,050
2016	616,212	516,662	99,550
2017	619,640	533,090	86,550
2018	621,783	548,983	72,800
2019-2022	2,272,974	2,117,824	155,150
	<u>\$ 5,369,272</u>	<u>4,722,482</u>	<u>646,790</u>

(3) Pension Plans

Substantially all County employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees Retirement System (PERS) and the Police and Fireman’s Retirement System of New Jersey (PFRS). These systems are sponsored and administered by the State of New Jersey.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2013

State-Managed Pension Plans

The Public Employees Retirement (PERS) and Police and Fireman's Retirement System (PFRS) are cost sharing multiple-employer contributory defined benefit plans, administered by the Division of Pensions in the Department of the Treasury, State of New Jersey.

The PERS was established in January, 1955 under provisions of N.J.S.A. 43:15A and provides retirement, death, disability and post-retirement medical benefits to certain qualifying Plan members and beneficiaries. Membership is mandatory to substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage, with the exception of officials who are elected or appointed in or after July 1, 2007 or that portion of PERS – enrolled employee salaries in excess of established “maximum compensation” limits. Employees who retire at or after age 55 are entitled to a retirement benefit generally determined by 1/55th of the average annual compensation for the highest three fiscal years compensation for each year of membership during years of creditable service.

The PFRS was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firefighters and state police appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

The State established and administers a Supplemental Annuity collective Trust Fund (SACT) which is available to active members of several State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The State or local government employers do not appropriate funds to SACT.

The State also administers the Pension Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increases for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for that system.

According to state statutes, all obligations of PERS and PFRS will be assumed by the State of New Jersey should the PERS and PFRS be terminated.

The State of New Jersey issues publicly available financial reports that include the financial statements and required supplementary information of the PERS and PFRS. This report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by laws of the State of New Jersey. Contributions made by employees in PERS for the years ended December 31, 2013 and 2012 were 6.5% and 5.5% of their base wages, each year. Contributions made by employees in PFRS for the years ended December 31, 2013 and 2012 were 10% and 8.5% of their wage, each year. Employers are required to contribute at an actuarially determined rate. The County contributions for the past years were as follows:

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December 31, 2013

<u>Year Ended</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2013	\$ 9,045,266	\$ 16,816,339	\$ 50,973
2012	9,286,829	15,444,836	27,377
2011	8,933,690	17,561,110	8,979
2010	7,153,308	14,809,112	1,782

Defined Contribution Retirement Program

The Defined Contribution Retirement Program, herein referred to as ‘DCRP’, was established July 1, 2007 under the provisions of Chapters 92 and 103, P.L. 2007. Individuals eligible for membership in the DCRP include local officials who are elected or appointed on or after July 1, 2007; and employees enrolled in the PERS on or after July 1, 2007 who earn salary in excess of established “maximum compensation” limits.

A local elected official is any individual who holds elected public office. Officials elected on or after July 1, 2007 will only be enrolled in DCRP. Elected officials already enrolled in PERS prior to July 1, 2007 based on elected office will remain a PERS member while serving in that same elected office. Any break in service or election to a different elected office will automatically enroll the elected official in DCRP. If a retired member of another State-administered retirement system is elected to office, that elected official can choose to either continue receiving retirement benefits from the former employment or suspend such benefits and participate in DCRP.

A local appointed official is any individual appointed by the governor, including those requiring advice and consent of the Senate, or an individual appointed in a similar manner by the governing body of a local public entity. On or after July 1, 2007, a newly appointed official who does not have an existing PERS account will only be enrolled in the DCRO. Appointed officials already enrolled in PERS prior to July 1, 2007 will remain a PERS member while serving that same appointed office.

An appointed official is permitted to join or remain in PERS if that appointed official holds a professional license or certificate to perform and is serving in any of the following capacities: Certified Health Officer, Tax Collector, Chief Financial Officer, Construction Code Official, Qualified Purchasing Agent, Tax Assessor, Municipal Planner, Register Municipal Clerk, Licensed Uniform Subcode Inspector Principal/Certified Public Works Manager.

Additional minimum DCRP eligible criteria for a newly elected or appointed official are the same as for a PERS position. However, in the case of DCRP, eligible officials can elect an irrevocable waiver of their participation when earning less than \$5,000 annually.

Eligible PERS members are enrolled in the DCRP when annual salary exceeds the maximum compensation limit. This may occur upon enrollment into the PERS when an annual base salary is reported on the enrollment application that will exceed the maximum compensation; or when PERS member’s annual salary is increased to where it will exceed the maximum compensation and it is reported by the employer to the Division of Pensions and benefits.

Enrolled members contribute 5.5% of the base salary to a tax-deferred investment account established with Prudential Financial, which administers the DCRP for the Division of Pensions and Benefits. Members enrolled due to income levels in excess of maximum compensation limits only contribute based on that amount in excess. Member contributions are matched by a 3% employer contribution.

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Newly eligible and enrolled members that have existing DCRP accounts or are active or vested members of another State-administered retirement system are immediately vested in DCRP. Conversely, those officials not qualifying for immediate vesting in DCRP will become fully vested upon commencement of their third year of membership. In such case there is no eligible third year of membership, all employee and employer contributions will be refunded to the appropriate contributing parties.

DCRP members may elect to receive all or a portion of the account in a lump-sum distribution, or as a fixed term or life annuity. There is no minimum retirement age under the DCRP. Any distributions of mandatory contributions will automatically render the member retired. Lump-sum cash distributions to members under the age of 55 are limited to the member's contributions and earnings. Employer matching contributions and earnings are only available after the age of 55. A member may begin collecting an annuity or take a cash distribution at any time after termination of employment, but will no longer be eligible to participate in any State-administered retirement system upon a return to public employment in New Jersey.

DCRP members are covered by employer-paid life insurance, payable to their designated beneficiaries, in the amount of 1 ½ times the annual base salary on which DCRP contributions were based. This benefit continues for up to two years if on an approved leave of absence without pay for personal illness. Life insurance may also be available to members upon retirement at an amount reduced to 3/16 of the annual base salary on which DCRP contributions were based who qualify by being 60 or older with 10 years of participation in DCRP or any age with 25 years of participation. In the case of members enrolled due to income levels in excess of maximum compensation limits, years of participation in either scenario would also include participation in PERS.

DCRP members are eligible employer-paid long term disability coverage after one year of participation. Eligibility occurs after six consecutive months of total disability. Members would receive a regular monthly income benefit up to 60% of the base salary on which DCRP contributions were based during 12 months preceding the onset of the disability, offset by any other periodic benefit the member may be receiving. Benefits will be paid so long the member remains disabled or until the age of 70. Benefits terminate should the member begin receiving retirement annuity payments.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

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- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an addition 1% phased-in over 7 years; PFRS active member rates increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be a least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

(4) Bonds and Notes Authorized But Not Issued

At December 31, 2012 and 2013, The County has authorized but not issued Bonds and Notes of \$313,319,369 and \$321,755,674 respectively, in the General Capital Fund.

The following activity related to bonds and notes authorized not issued occurred during the calendar year ended December 31, 2013

Beginning <u>Balance</u>	2013 <u>Authorizations</u>	2013 <u>Debt Issues</u>	Other <u>Reductions</u>	Ending <u>Balance</u>
\$313,319,369	\$117,113,650	\$107,195,042	\$1,482,293	\$321,755,674

(5) Fund Balances Appropriated

Fund Balances at December 31, 2012 and 2013 which were appropriated and included in 2013 and 2014 County budgets were \$18,000,000 and \$17,900,000 respectively.

(6) Appropriation Transfer Relating to the CAP Law

The County is allowed to make transfers in certain budget appropriations after November 1 of each year. All budget appropriations and their transfers are listed in Exhibit A-3. All transfers were made in accordance with the CAP Law.

(7) Deferred Compensation Plans

The County has established four deferred compensation plans for its employees under Section 457 of the Internal Revenue Code (IRC). The plans are administered by outside agencies, which pay claims and invest the funds.

The County established a Deferred Compensation Plan as an enhancement program for the benefit of its employees to be provided by Nationwide Retirement Solutions. The County then established a second Deferred Compensation Plan as an enhancement program for the benefit of its employees, to provided by the Equitable Life Assurance Society of the United States. The third and fourth Deferred

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Compensations Plans were established to be provided by the Hartford Life Insurance Co., and the Variable Annuity Life Insurance Company (VALIC), respectively. The Plans are substantially similar to one upon which a favorable Private Letter Ruling has been previously obtained from the Federal Internal Revenue Service except for provisions added by reason of the Small Business Job Protection Act of 1996 (United States Public Law No. 104-188), and such provisions are stated in the Plan in terms substantially similar to the text of those provisions in Federal Internal Revenue Code Section 457.

The plans are available to all County employees and permit them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the County's general creditors.

(8) *Potential Liability for Accrued Sick and Vacation Time*

Employees accrue sick time at the rate of 15 days per year. The time remains accrued until used. At time of retirement, the accrued unused sick time is used as a basis for calculating terminal leave as follows: present hourly rate times one-half unused accrued sick leave, to a maximum of \$15,000 to \$25,000 depending on the employee's title within their existing contract. The potential terminal leave liability for persons eligible, who are 60 years of age or older, or 10 or more years of services, as of December 31, 2012 and 2013 was \$12,770,959 and \$12,501,517, respectively.

Employees accrue vacation time at the rate of 15 days per year for the first five years of service and 30 days per year thereafter. The time remains accrued for two years; it must be used or it is lost. Terminated employees are paid for accrued time at the current rate. The value of accrued vacation time as of December 31, 2012 and 2013 was \$7,206,135 and \$7,390,247, respectively. No provision is made in the financial statements for the accrued value of terminal leave and vacation time. In accordance with state regulations these amounts have not been expensed or recorded as a liability.

(9) *Clearing Account*

The County Treasure maintains a clearing account in the Current Fund so that cash receipts may be deposited promptly and distributed to proper accounts at a later date.

(10) *Pending Litigation*

The County is defendant in various lawsuits, none of which is unusual for a County of its size and should be covered by the County's insurance program or by the County directly and which may be settled in a manner satisfactory to the financial stability of the County. Some of the more significant lawsuits are described briefly as follows:

Auriemma v. The County of Bergen

This matter is venued in the Superior Court of New Jersey, Bergen County. This is a claim by a former employee of the Department of Human Services who alleges that she was harassed by a fellow employee who is no longer employed by the County of Bergen. Ms. Auriemma is no longer employed by the County. To date, a settlement demand has been made by in the amount of \$900,000.00. This

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matter is also being handled by outside counsel and discovery is ongoing with the trial scheduled for October 29, 2014

Bergen Regional Medical Center Litigation

On January 9, 2012, the Authority commenced litigation against the Manager seeking certain information concerning the operations of the Hospital and asserting certain claims of a contractual and fiduciary nature. On March 28, 2012, the Authority filed an amended complaint in the case asserting tort claims against the Manger and others in connection with capital improvements that had been performed at the Hospital. On April 10, 2012, the County filed a motion to intervene I the litigation as a plaintiff, which motion is still pending. On June 12, 2012, the Manger filed its answer to the amended complaint, together with a Counterclaim and Third-Party Complaint against the Authority, the County Adjuster and the County seeking, among other things, damages in the amount of \$16,500,000 for failure to perform capital improvements, as well as other claims for damages. Answers to the Manger's Counterclaim and Third-Party Complaint were filed by the Authority (July 6, 2012), the County Adjuster (September 18, 2012), and the County (November 18, 2012). The Authority, County and County Adjuster intend to vigorously defend against these claims. However, it is impossible to predict with any certainty the outcome of this litigation and its impact, if any, on the Authority or the County or the financial condition of the Authority or the County. On September 26, 2012 and September 27, 2012, the Authority filed its Third Amended Complaint and Fourth Amended Complaint, asserting additional claims against the manager for conversion of certain funds and failure to maintain the Hospital. On November 8, 2012, the County filed an Intervening Complaint against the Manager, seeking much of the same relief sought by the Authority. On November 15, 2013 the Authority and County filed a Fifth amended complaint asserting additional claims against the manager for conversion of reimbursement payments that the Authority and Bergen County are entitled to receive from Medicaid, Medicare and other third party payors as a result of funds expended by the Authority and Bergen County for capital improvements and depreciation on the medical center facility as well as reimbursement payments based on interest the Authority and Bergen County have paid relating to the medical center facility.

Janowski v. The County of Bergen

This case involves a bicyclist suing for an alleged defective/dangerous road condition which allegedly resulted in personal injuries. An answer to the complaint has been filed and this matter is in the middle stages of discovery. This case is being handled by in-house counsel and no demand has been made to date.

Carney v. The County of Bergen Police Department, County of Bergen, UWE Malakas and Brian Higgins

The plaintiff is an employee of the Bergen County Police Department. He is alleging New Jersey Conscientious Employee Protection Act and New Jersey Civil Rights Act violations and is demanding a promotion to Lieutenant plus \$450,000. This matter is currently scheduled for trial on October 20th 2014. This matter is being handled by outside counsel.

Shirley Williams v Bergen County, et al

The matter is venued in the United States District Court, District of New Jersey in Newark and was served on February 22, 2013. This is a claim by the mother of Malik Williams, who was involved in an incident on December 10, 2011 which resulted in Mr. Williams being shot and killed by an officer employed by the Bergen County Police Department and an officer employed by the Garfield Police Department. This matter is still in the discovery stage with depositions scheduled to commence in the near future. The Notice of Claim that was filed references a claim for damages in the amount of one hundred and fifty million dollars (\$150,000,000) for civil rights violations. This matter is being handled by outside counsel.

Musso v. The County of Bergen

This case involves a claim by a former employee who served as the Acting Director of Community Development for the County of Bergen. Plaintiff claims that she was a "whistleblower" as a result of

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reporting what she perceived as irregularities with regard to grant-funded employment positions within her department. Discovery has been completed in this matter and a trial date has been set for October 20, 2014. An initial demand of \$900,000 was made by Plaintiff's counsel. This matter is being handled by outside counsel.

Sidieras v. The County of Bergen, et al

This matter is venued in the U.S. District Court, District of New Jersey, in Newark. A prior Motion to Lift a Stay and Amend the Complaint was made on February 17, 2014. This is a class action alleging that since March, 2006, the Bergen County Jail has had an unlawful policy violating the Constitution, which requires strip searching of all individuals who enter the Bergen County Jail, regardless of the purpose of their detention. They claim that as a result of recent U.S. Supreme Court decision, it remains unconstitutional to strip search minor offenders yet to be seen by a Judge or to enter the general jail population. Since recently restored, this matter is still in the early discovery stages. No demand has been made to date. This matter is being handled by outside counsel.

Schochet v. The County of Bergen

This matter is venued in Superior Court of New Jersey, Bergen County. This is a class action brought against the Bergen County Jail, alleging that the County charges \$10.00 per day for ankle monitoring devices for inmates under the work-release program, which is claimed to be unauthorized. The class is claimed to be from March 1, 2012 through the present. Discovery is still in the early stages. This matter is being handled by outside counsel.

There are also various employment matters currently pending with the County's Self-Insurance Claim Fund.

The matters described in the preceding paragraphs are still pending. The County intends to defend each of these matters vigorously. However, it is impossible to predict with any certainty the outcome of these litigations and the impact on the County and the financial condition of the County.

(11) *Property Tax Calendar*

Property tax revenues are collected, from individual municipalities, in quarterly installments due February 15, May 15, August 15, and November 15. The amount of tax levied includes the amount required in support of the County's annual budget. The County has 100% collection rate. The County's tax levy for December 31, 2012 and 2013 was \$358,524,718 and \$371,021,714, respectively.

(12) *Property and Equipment Acquired by Subgrantees*

The U.S. Department of Housing and Urban Development (HUD) required the County to record the value of property and equipment acquired by subrecipients with Community Development Block Grant (CDBG) funds (CFR, 24 Part 85, Sections 85.31 and 85.32). The county does not hold title to this property and equipment nor is this property and equipment considered to be County assets. Should the subrecipients sell or dispose of this property and equipment, the proceeds are due to the County to be reprogrammed for other purposes.

Exceptions are for property and equipment valued at \$5,000 or less or held for 20 years or more. The estimated value of property and equipment acquired with CDBG funds as of December 31, 2012 and

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2013 are \$28,245,654 and \$28,245,654, respectively, based upon information provided by the subgrantee.

(13) Mortgages Receivable

The County operates a HOME Improvement Program through its Community Development Block Grant. Qualified homeowners apply for lines of credit, and improvement loans against these lines of credit are secured by mortgages on the improved property. Mortgage payments by homeowners are considered program income.

(14) Cash and Cash Equivalents and Investments

Deposits

All bank deposits as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (see Note 1 Cash and Investments). Bank deposits are classified as to credit risk. Deposits exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- A. Uncollateralized
- B. Collateralized with securities held by the pledging financial institution
- C. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name

All cash and cash equivalents on deposit as of the year ended December 31, 2013 are partially insured by the Federal Deposit Insurance Corporation (herein referred to as "FDIC") up to \$250,000, as has been temporarily increased by Congress through December 31, 2013. Deposits in excess of FDIC limits are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act ("GUDPA") or are on deposit with the New Jersey Asset & Rebate Management Program ("NJARM").

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The county does not have a deposit policy for custodial credit risk. As of December 31, 2012 and 2013, none of the County's bank balances of \$185,424,883 and \$205,039,606, respectively, was exposed to custodial credit risk.

As of December 31, 2012 and 2013, the County's deposits are summarized as follows:

	2012		2013
Insured – FDIC	\$ 2,500,000	\$	2,006,058
Insured – GUDPA	172,500,706		181,455,335
NJARM	10,424,176		21,578,213
	\$ 185,424,883	\$	205,039,606

Investments

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

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- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- Government money market mutual funds.
- Any obligation that a federal agency or an federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other factor.
- Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located.
- Bonds or other obligations having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- Local government investment pools.
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section A-1 of P.L. 1977, c. 281 (C.52:18A-90.4).
- Agreements for the purchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to the first and third bullets on the proceeding page, (b) the custody of collateral is transferred to a third party, (c) the maturity of the agreement is not more than 30 days, (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) and (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Interest Rate Risk

The County does not have a formal investment policy that limits investments maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates. However as noted above, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Concentration of Credit Risk

The County places no limit on the amount they may invest in any one issuer. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified, and as summarily identified below. The County invests funds in the NJARM Program. Investments in this fund at December 31, 2013 consisted primarily of U.S. Government and Agency Obligations (96.68%), Collateralized Repurchase Agreements (4.30%). The Joint Account has not provided or obtained any legally binding guarantees to support the value of the shares.

NJARM Program

The NJARM Program is a financial services organization created and run exclusively for New Jersey municipalities, authorities, schools and other local and regional governmental type entities. The Program was designed to help achieve excellence in the governmental unit's investment program. Created a joint trust investment under the Interlocal Services Act, NJARM provides participants with investment and arbitrage rebate compliance services for both bond proceeds and general operating funds. The program is a means for local governments in the State to invest collectively the proceeds of taxable and tax-exempt borrowings and other funds on hand. As of December 31, 2012 and 2013, the County has a balance of \$10,424,176 and \$21,578,213, respectively, in the NJARM program.

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As of December 31, 2012 and 2013, the County's investments are recorded in the financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the financial statements.

(15) Interfund Balances and Activities

Balances due to/from other funds at December 31, 2013 consist of the following:

\$273,373	Due to the Federal and State Grant Fund from the Current Fund for grants received.
\$22,500	Due to Regular Trust from Community Development Trust Fund

Balances due to/from other funds at December 31, 2012 consist of the following:

\$571,397	Due from the Federal and State Grant Fund to the Current Fund for grants received.
\$22,500	Due to Regular Trust from Community Development Trust Fund

It is anticipated that all interfunds will be liquidated during the fiscal year.

(16) Leases

The County leases various buildings located in Hackensack, Lodi and Garfield. The total rent expense for all leases for 2012 and 2013 was \$453,720 and \$410,368, respectively.

(17) Contracts Payable

Current Fund contracts payable balance for 2012 and 2013 in the amount of \$6,338,507 and \$11,019,374, respectively does not represent the liability due to vendors and employees for payment of goods or services received by the County. Included in this amount are contracts issued for the purchase of goods and services that have not yet been received.

(18) Reserve for Arbitrage

The County of Bergen has obtained the services of Public Financial Management, Inc (PFM) to calculate and monitor the arbitrage requirements for certain bond issues. The applicable arbitrage yield requirements is derived from IRS Form 8038-G prepared by Bond Counsel. Reserves have been established in the Capital Fund in accordance with the calculations. As of December 31, 2012 and 2013 the reserve was \$89,032 and \$59,442, respectively.

(19) Bergen County Lease Banc Program

In September 2003, the Bergen County Improvement Authority (the "Authority") issued Bonds in the amount of \$19,395,000, with a final maturity date of May 1, 2009. The \$19,395,000, principal amount of Revenue Bonds, Series 2003 (the "Bonds"), consist of the \$1,480,000 principal amount County Guaranteed Capital Equipment Lease Revenue Bonds, Series 2003A (the "Series 2003A Bonds") and \$17,915,000 principal amount County Taxable Project Revenue Bonds, Series 2003B (the "Series 2003B Bonds").

Many Local Governments have requested the Authority's assistance over the years to finance their capital items and equipment needs at the lowest possible cost. A number of these requests are to

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finance smaller capital items and equipment needs of Local Governments. The costs attendant with the large, stand alone leasing deals between the Authority and Local Governments were often prohibitive for these transactions, which tend to have smaller borrowing amounts.

The Authority (the “lessor”) developed its Program in order to access the greatest number of bidders of governmental leases in the tax-exempt market. Under the Program, no bonds would be involved. The Authority, as lessee, would enter into a lease with a successful bidder to provide financing for the capital equipment, and as lessor (although this master lease would designate the Authority as title participant (the “sublessee”), whereby the Local Government would make lease payments under the sublease subject to appropriation or a general obligation sublease with a non-profit corporation. The Lease and Sublease would have the same terms, be cross-secured, and upon expiration thereof, the Authority would sell the capital equipment financed thereby to the Participant for \$1. The capital equipment would also secure the sublease payments, which Sublease payments and collateral would secure the Lease payments. The Authority acts as a conduit only, and is indemnified by the Sublessee for claims relating to the equipment or the transaction. In addition, the County of Bergen would enter into an agreement with the Authority (the “County Agreement”) to provide payments to the Authority if there are insufficient payments under the Sublease, which payments would be subject to appropriation.

On April 21, 2004, the County adopted an ordinance approving the Authority’s Leasing Banc Program in an amount not to exceed \$10,000,000. Subsequently during 2006 and again during 2008, the County adopted ordinances re-approving the Lease Bank Program and additional financing therefore not to exceed \$10,000,000 and \$8,000,000, respectively. In accordance with the terms of the “Agreement to Effectuate the Bergen County Improvement Authority’s Bergen County Lease Bank Program” between the County and the Authority (the “Agreement”), the County intends to appropriate moneys to the Authority to the extent the lease payment made by the Authority to the original lessor are not sufficient.

On April 20, 2009, the County adopted two ordinances authorizing additional funding to its Lease Banc Program, by a total of \$46,400,000.

(20) County Administration Building

The County entered into a lease agreement with the New Jersey Economic Development Authority (EDA) to finance, design, and construct a County Administration Building and parking garage on land the County owns and has ground-leased to EDA, adjacent to the County Justice Center in Hackensack. Based upon design and construction budget of \$62.2 million, the building contains approximately 263,000 square feet while the parking garage and associated site parking contains approximately 1,400 parking spaces.

Bergen County will make annual rent payments of approximately \$4.8 million to EDA from 2011 through the end of the term in 2026 and will own the complex for \$1 at the end of the lease. Although greater than past rent due to the 103,000 square foot increase in space over the previous leased location, the rent per square foot of \$18.22 includes furniture, fixtures, and equipment and is very competitive with current market rents. Further, the rent amount is flat and fixed for the term of the lease with no future rent increase. Also, the County consolidated into the facility, various other divisions that were located at remote sites. The County fully maintains and operates the complex.

In November 2003, the County through its Improvement Authority, issued \$27,595,000 in County Guaranteed Revenue Bonds in order to prepay a portion of rental payments under the lease agreement.

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The Bonds are dated December 10, 2003 and have a final maturity on November 15, 2018. The Bonds bear a variable interest rate ranging from 1.50% to 5.00%.

Additionally in August 2005, the County, again through its Improvement Authority, issued \$30,075,000 in County-Guaranteed Revenue Bonds for the purpose of advance refunding of a portion of the EDA's Lease Revenue Bonds maturing November 15, 2026. These bonds are dated August 25, 2005 and have a final maturity on November 15, 2026. The Bonds bear a variable interest rate ranging from 4.00% to 5.00%.

(21) *Bergen Pines County Hospital Project (Now Known as Bergen Regional Medical Center)*

In 1998, the County of Bergen (the "County") restructured/repositioned the management, administration, operation and maintenance of Bergen Regional Medical Center, formerly known as Bergen Pines County Hospital (the "Hospital"). Such actions on the part of the County are generally collectively referred to as the "Repositioning Plan".

As part of the Repositioning Plan for the Hospital, and under and pursuant to a Lease and Agreement dated as of December 17, 1997 (the "County/Authority Agreement"), the County, effectively as of March 15, 1998:

- (i) transferred to the Bergen County Improvement Authority (the "Authority" of the "BCIA") (a public body corporate and politic created under and pursuant to the provision of the County Improvement Authorities Law, N.J.S.A 40:37A-44 et seq.) the license issued by the State Department of Health and Senior Services ("DOHSS") for the operation of the Hospital,
- (ii) leased to the Authority the Bergen Pines Real Property and the Bergen Pines Business Assets for a 19 year period, and
- (iii) assigned to the Authority responsibility, during the Lease Term, for the operation of the Hospital.

As a further part of the Repositioning Plan for the Hospital, and under and pursuant to a Lease and Operating Agreement dated as of December 17, 1997 (the "Authority Lease and Operating Agreement"), the Authority in turn (effective as of March 15, 1998):

- (i) leased the Bergen Pines Real Property and the Bergen Pines Business Assets to Solomon Health Group, LLC ("Solomon"), a private for-profit limited liability company, for a coterminous 19 year period (the "Lease Term") and
- (ii) assigned to Solomon as the "Manager" responsibility, during the Lease term, for the management, administration, operation and maintenance of the Hospital.

By an undated Assignment and Guarantor Agreement, effective as of March 15, 1998 between Solomon and Bergen Regional Medical Center, L.P.. (the "Manager"), (i) Solomon assigned to the Manager (as "an affiliated entity" formed for profit) all of Solomon's rights and obligations under the Authority Lease and Operating Agreement, as well as under all related agreements, (ii) the Manager assumed such rights and obligations, and (iii) Solomon agreed to serve as guarantor of the performance by the Manger of its obligations under the Authority Lease and Operating Agreement.

Under the licensee held by the Authority, the Hospital, as a County owned facility, is presently licensed for 1,068 beds, including 3231 psychiatric beds, 574 long-term care beds and 173 acute care beds.

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Under the terms of the County/BCIA Agreement and the Authority Lease and Operating Agreement, the Manager assumed the responsibility (on a for-profit basis and at its sole cost and expense) for the operation by it (as an independent contractor) of the Hospital, including the responsibility for the maintenance and repair of the facilities and equipment constituting the Bergen Pines Real Property and the Bergen Pines Business Assets, this in exchange for its deriving on account thereof the right to retain all profits from its operation of the Hospital (after paying all expense, including the payment to the Authority of rent and a reimbursement for certain administrative costs), with the concomitant obligation on the part of the Manager to bear all losses there from (except for losses arising out of certain very limited situations involving such things as Manager-proposed reductions in clinical or direct care programs and Manager-proposed reductions in staffing).

Having as lessors (landlords) ultimately leased the Bergen Pines Real Property and the Bergen Pines Business Assets to the Manager, the County (under the County/Authority Agreement) and the Authority (under the Authority Lease and Operating Agreement) have (as is generally and usually the case for lessors/landlords) retained ultimate financial responsibility for Capital Improvements at the Hospital, defined in Section 1.1 of the BCIA Lease and Operating Agreement as:

Any addition, major repair or replacement, extension, construction or reconstruction of or to a permanent structure facility within the Bergen Pines Real Property of a type not recurring annually or at shorter intervals that (a) is non-consumable in nature; (b) has a useful life of greater than five (5) years; (c) constitutes a permanent part of the Medical Center, (d) is a cost that is properly chargeable to a capital account under general Federal income tax principles, and (e) does not constitute a Maintenance, Repair or Replacement Item, the responsibility for which latter Items was assumed by the Manager.

Under Section 2.9(d) and 2.9(e) of the Authority Lease and Operating Agreement, in the event that it is determined that a Capital Improvement will be undertaken, the Authority shall at its option determine either that the Manager (as the Authority's agent) shall undertake and complete the Capital Improvement on behalf of (and at the cost and expense of) the Authority or, alternatively, that the Authority (the lessor) shall itself undertake and complete such Capital Improvements. Under Section 2.9 of the County/BCIA Agreement, the County is ultimately responsible to bear the cost and expense of all Capital Improvements undertaken by the Authority or by the Manager on behalf of (and a the expense of) the Authority.

Prior to the implementation of the Repositioning Plan, the County bore all risks, financial and operational associated with the Hospital. Studies undertaken by consultants to the County advised that future reimbursement-related risks, together with other operational issues associated with a County-owned and operated healthcare institution, warranted (i) a transfer of the Hospital to the Authority and (ii) a contract between the Authority and a private firm for the management and operation of the Hospital by the latter for profit. The Repositioning Plan for the Hospital called for a re-allocation of not only the financial risks, but also the potential benefits, associated with the operations of the institution, with the Manager assuming virtually all operational risk in exchange for the ability to earn all profits from the operation of the Hospital. Former County responsibilities that were (under the Repositioning Plan) affirmatively delegated by the Authority to Solomon (and Bergen Regional Medical Center, L.P., as its successor and as the manager) (under the Authority Lease and Operating Agreement) include, but are not limited to:

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- (1) the absolute obligation and the unconditional authority to manage and control all phases of the operation, maintenance and administration of Bergen Pines in accordance with all Applicable Laws and at the Manager's expense, except with respect to Capital Improvements (Section 3.3, 3rd Paragraph);
- (2) the responsibility (at its sole cost and expense) for hiring, compensating, supervising, disciplining and terminating all employees required to operate the Hospital in accordance with the terms and conditions of the Authority Lease and Operating Agreement (Section 3.3(d));
- (3) the obligation to purchase and control all equipment, supplies and services necessary for the operation by it of the Hospital (Section 3.3(g));
- (4) the obligation to operate, maintain, repair and replace the facilities and equipment comprising the Bergen Pines Real Property and the Bergen Pines Business Assets (at the sole cost and expense of the Manger, except to the extent of Capital Improvements) in such manner and in such condition so that Bergen Pines complies with all Applicable Laws (Section 3.3 (t));
- (5) the responsibility for paying all operating expense of the Hospital (Section 3.3(m)); and
- (6) the responsibility to prepare and submit (on behalf of BCIA) all services provided at Bergen Pines, from the Medicaid and Medicare programs (or any successor programs thereof), the Social Security Administration, private insurance companies and from all other payers:, which "moneys shall be deposited into the BCIA's account (Section 3.3(v)).

The Authority (BCIA) issued Taxable Project Notes totaling \$27,000,000 to finance the acquisition by the Authority of a leasehold interest in the Hospital pursuant to the County/Authority Agreement, and related costs. Upon issuance of the Notes, a portion of the proceeds of the Notes was: (1) paid over by the Authority, partially to the County and partially to an escrow fund for the payment of debt service on certain tax-exempt general obligation bonds of the County which were issued to finance costs associated with the Hospital, in each case as partial consideration for the acquisition of such leasehold interest (the remaining consideration to be paid periodically over the term of the County/Authority Agreement); (2) used by the Authority for payment of operating expenses relating to the Hospital; and (3) used to pay costs of issuing the Notes.

At maturity of the Taxable Project Bonds, a new Project Note for \$27,000,000 was issued at 5.33% interest and matured March 7, 2000. On March 7, 2000, the Authority issued County Guaranteed Taxable Project Bonds in the amount of \$28,000,000 with a maturity date of March 17, 2017, with interest rates ranging from 7.17% to 7.77%. The proceeds of said Bonds were used (1) to retire the Project Note, (2) to permanently finance the acquisition by the Authority of the leasehold interest in the Bergen Pines Real Property and the Bergen Pines Business Assets, (3) to generate new funds of \$1,000,000 to finance the cost of the acquisition and construction of various Capital Improvements to the Hospital, (4) to provide working capital for the Authority (including amounts in respect to certain reductions in Medicaid payments attributable to previous Medicaid overpayments), and (5) for the costs of issuance.

The outstanding \$16,270,000 Series 2000 taxable bonds were refunded in 2010 with interest rate ranging from 1.414% to 3.532% and having a final maturity on March 15, 2017.

Although the Authority, as the holder of the license for the operation of the Hospital is (under Section 3.9 of the Authority Lease and Operating Agreement) entitled to receive all revenues (from all revenue sources) derived from the operation by the Manger (at its sole cost and expense) of the Hospital, the Authority is in turn obligated *under the terms of Section 5.1 and Section 5.2 of the Authority Lease and Operating Agreement) to pay over unto the Manager (as the for-profit independent Contractor Manager) all moneys received by the Authority (as a license holder) as the result of the operation by the

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Manager of the Hospital, such moneys to be paid in the form of (1) a Management Fee in the amount of \$9,000,000 per month and (2) all Additional Revenues (defined as “any Cash Receipts received by [the Authority] during a given month that exceed the Management fee for such month”). Using all such moneys received by it from the Authority, the Manager is (under the terms of Section 3.3 (3rd Paragraph) and Section 3.3(m) of the Authority Lease and Operating Agreement) required to pay all operating expenses in connection with the management, administration, operation and maintenance by it of the Hospital.

As the ultimate recipient from the Authority of all cash receipts (in the form of the Management Fee and all Additional Revenues) derived from the operation by the Manager of the Hospital, the manager (as lessee of the Bergen Pines Real Property and the Bergen Pines Business Assets and as the successor to Solomon) is in turn required under Section 2.3 and Section 9.29 (as amended), respectively, of the Authority Lease and Operating Agreement (1) to pay rent to the Authority in the Form of Fixed Annual Rent (the original annual amount was \$5,200,000 and the same is escalating annual at 50% of the annual percentage increases in the CPI) and (2) to make an annual reimbursement payment on account of the cost to the Authority of administering and implementing the Authority Lease and Operating Agreement (the “Manager’s Annual Administrative reimbursement”). This payment was revised in 2001 to \$300,000, escalating annually by 50% increases in the CPI (Section 9.29, as amended).

The moneys to which the Authority is entitled on account of Fixed Annual Rent are, together with repayments by the Manager under the hereinafter defined Working Capital Loan, paid over by the Manager to a revenue agent which is required to allocate the first portion of said moneys to the trustee on account of debt service on the BRMC Bonds, with all residual moneys (after provision for payment to the Authority of such of the Authority’s operating expenses as are not covered by the Manager’s Annual Administrative Reimbursement) transferred by the revenue agent to the County on account of the lease payment required to be made by the Authority to the County under the County Lease.

The Authority has also entered into a shared services arrangement with the County to provide administrative and fiscal services to the Authority.

There is in existence (under a Promissory Note dated March 1998 from Solomon to the Authority) an accounts receivable loan by the Authority to the Manger under which there is due from the manager to the Authority the sum of \$27,134,945 (“Accounts Receivable Loan”). That amount is the actual amount of revenues which were earned by the County as the result of its operation of the Hospital prior to March 15, 1998, and paid over to the Manger as a portion of Additional Revenues. The Accounts Receivable Loan matures on March 14, 2020, which is three (3) years after the Lease Term Closing Date (March 14, 2017) under the Authority Lease and Operating Agreement. The Accounts Receivable Loan is non-interest bearing through March 14, 2020, which is three (3) years after the Lease Term Closing Date (March 14, 2012) under the Authority Lease and Operating Agreement. The Accounts Receivable Loan is non-interest bearing through March 14, 2014. From and after March 15, 2014 to maturity, interest shall accrue at 50% of the increase in CPI for the prior Loan Year and such interest shall be paid on March 15 of each subsequent Loan Year for interest accrued with respect to the prior Loan Year.

Certain types of Capital Improvement projects at the Hospital are the responsibility of the County or the Authority under the terms of Section 2.9 of the Authority Lease and Operating Agreement. The Authority, on behalf of the County, issued \$2,800,000 of County Guaranteed Bonds in calendar year 2003 for various capital projects at the Hospital. Under Section 2.12, as amended of the Authority Lease and Operating Agreement the Manger is required to pay for at least \$200,000 of Discretionary

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Improvements at the Hospital each full calendar year, Discretionary Improvements being improvements which are provided by the manager at the Manager's sole cost and expense under Section 2.7 of the Authority Lease and Operating Agreement and do not constitute maintenance, repair or replacement items and/or capital improvements. Again on November 1, 2008, the County issued taxable bonds in the amount of \$11,726,000, to finance various improvements at the Hospital.

In September 2001, the Manager filed litigation against the Authority in the Superior Court of New Jersey, Law Division, Bergen County, by which the Manger asserted its "Prisoner Care Claims."

The Manager was claiming that the Authority was liable to the Manger on account of costs which had been incurred by the Manager in providing treatment and/or services to inmate of the County Jail and had not been reimbursed by the County to the Manger. The Authority named the county as a Third Party Defendant in connection with the Manager's Prisoner Care Claims.

The Manager's Prisoner Care Claims against the Authority and the Authority's third-party claims against the County arising therefrom were settled and dismissed pursuant to the Global Settlement Agreement under which the County agreed to pay (and did pay) the Manager fees certain and the Manager agreed to amend Section 3.10 of the Authority Lease and Operating Agreement so as:

- (a) to cause the County to be responsible to compensate the manger (within 60 days after the receipt by the County of the Manger's invoices) in accordance with the applicable N.J. Medicaid Guidelines and DRG, as published in N.J.A.C. Title 10, Chapter 10 (the Medicaid Rules"), for the "actual costs" of the Manager's providing at Bergen Pines services to:
 - (i) "Inmates" of the Bergen County Jail;
 - (ii) "State" inmates;
 - (iii) Patients brought to the Hospital by municipal police officers (or other local law enforcement units) rather than Sheriff's officers;
 - (iv) Inmates for whose services another reimbursement source or third party payer made a partial payment for services; and
 - (v) Patients for whom a court ordered either a psychiatric evaluation or a commitment or any other medical treatment or diagnostic service; such compensation by the county to be considered an outside source of revenue and not to be deposited into the Authority's operating account; provided, however, that the Manger shall be required to seek all available reimbursement for the cost of its scare to inmates, provided that the county takes all necessary actions, including (a) any necessary pre-certifications or other pre-admission approvals (including pre-certification of State prisoners/inmates), (b) full cooperation with the Manager and (c) provision of all necessary information to the Manager on a timely basis and
- (b) To cause the Manager (as a regional provider of Psychiatric Services and at the request of the BCIA) to provide psychiatric treatment and/or services for inmate residents at other counties' jails and at New Jersey State Correctional Facilities, provided, however, that (notwithstanding the other provisions of Section 3.10 pursuant to which the county is required to pay for the Manager's rendering of services to inmates) the costs of providing such psychiatric treatment to such out-of-county inmates (including the costs associated with security) shall be the sole responsibility of the Manager and all revenues deriving from such services shall be paid to and retained by the Manger; and provided further that the Manager need not provide such services if the Manager's cost of providing same (including the costs of security) exceeds the revenues received for such services.

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(22) *Inmate Medical Services*

Billings for inmate medical services rendered to a prisoner in the Bergen County Jail is ultimately the responsibility of the County. The hospital is responsible to use its best efforts to collect amounts due from any source at the earliest possible date and to the greatest extent practicable (as permitted under applicable law). Additionally, a review of each bill is managed through an outside consultant in order to determine the reasonability of service. Due to this extensive process, the County cannot determine its liability until the process is complete, thus the county treats these billings on a pay-as-you-go basis charging its current year appropriations.

(23) *Risk Management*

The County is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County established a self-insurance program in accordance with the New Jersey Statute Chapter 40A:10. The Chapter enables the governing body of any local unit to create a fund to provide insurance coverage for its exposure to a wide variety of property casualty risks, including:

- Property damages caused to any of the unit's property, motor vehicles, equipment or apparatus.
- Liability resulting from the use or operation of such motor vehicles, equipment, or apparatus.
- Liability for the unit's negligence, including that of its officers, employees, and servants.
- Workers' compensation obligations.
- Health benefits, dental and prescription.

The County self-insures for its automobile, general liability and worker's compensation exposures. The County has purchased excess health benefit coverage for losses in excess of \$150,000. Additionally, the County maintains insurance policies covering property, fire, water utility, boiler and machinery, and employee fidelity. Various deductibles, limits, and coinsurance provisions apply to these policies.

For the years ended December 31, 2012 and 2013, the County has expended a total of \$69,594,175 and \$ 71,446,559 for the above programs. Post-employment health benefits are also included for eligible retirees.

During the year ended December 31, 2001, the county authorized \$15,115,000 in debt to help fund this reserve in accordance with an actuarial study. In 2002, the County issued a Note to fund this insurance reserve. On September 30, 2003, the County, through the Improvement Authority, issued \$17,915,000 Taxable Project Revenue Bonds, Series 2003B. Of the amount, \$15,115,000 was used to permanently finance the reserve for the County.

New Jersey Unemployment Compensation Insurance

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State. The following is a summary of County contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the County's trust fund for the current and previous two years:

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December 31,	Interest Earnings/County or Employee Contributions	Amount Reimbursed	Ending Balance
2013	\$ 831,201	\$ 497,641	\$ 698,709
2012	926,309	1,029,779	365,149
2011	612,415	1,184,780	468,617
2010	1,562,269	822,119	1,040,982

(24) Post Retirement Benefits

Plan Description

The County of Bergen provides lifetime medical benefits to County employees who retire under the following conditions:

- After twenty-five years of State pension membership; or
- Upon a disability retirement

Employees who do not meet the above requirements and retire after age 60 may purchase coverage for themselves and their dependents through direct billing.

Eligible retirees are provided several medical benefit plans to select from. Their selections can be changed during open enrollment periods. Members who become Medicare eligible must enroll in both Part A and Part B in order to maintain eligibility in the County plan. For retirees with 25 years of services, Part B premiums are reimbursed by the County.

Dependents of retirees are covered until the death of the retiree, however, dependent spouses may continue coverage through direct billing of the retiree. Parks Department spouses maintain coverage at no cost.

The number of retirees receiving retiree benefits as of December 31, 2013, the effective date of the biannual Other Post-Employment Benefit, herein referred to as "OPEB", valuation is 1,303. Of these 734, retirees retain dependent or spousal coverage. Active employees number 2,029 of whom 220 are eligible to retire as of the valuation date. There have been no significant changes in the number of covered retirees or type of coverage since the valuation date.

Funding Policy

The County currently accounts for these post retirement benefits on a pay-as-you-go basis.

Actuarial Valuation Results

The Actuarial Accrued Liability for current retirees and current active employees for a total accrued liability (unfunded) of \$721,286,004 as of December 31, 2013.

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Summary of Valuation Results – December 31, 2013 – Per Actuarial Valuation (in thousands)

Unfunded Actuarial Accrued Liability*	\$721,286
Normal Cost	14,4267
Discount Rate	4.5%

*This amount is calculated by subtracting the Assets and Normal Cost and adding Benefit Payments with interest to Actuarial Accrued Liability to account for the end of the year valuation date.

The following table utilizes the actuarially determined contribution for the year ended December 31, 2013 as opposed to actual payments. Differences between the actual expenditures and the actuarial contributions include discounts, deductible, co-payments, and actuarial factors identified under ‘actuarial assumptions and methods’ below.

Annual Required Contribution and OPEB Cost

	2011	2013
Normal Cost with Interest	\$ 16,723,000	\$ 14,426,984
Amortization of Unfunded Actuarial Accrued Liability over 30 Years	40,129,000	44,280,861
Annual Required Contribution	56,852,000	58,707,845
Interest on Net OPEB Obligation	5,431,000	7,012,000
Adjustments to Annual Required Contribution	(7,410,000)	0
Annual OPEB Cost	54,873,000	65,702,000
Actuarial Contribution Determination (as updated)	20,050,000	13,047,000
Increase in Net OPEB Obligation	36,184,000	52,655,000
Net OPEB Obligation, End of Year	155,517,000	208,490,000

Under GASB Statement 45 the County would recognize the cost of other post-employment benefits in the year when the employee services are received, report the accumulated liability from prior years, and provide information useful in assessing potential demands on the County’s future cash flows. The unfunded actuarial accrued liability is amortized as a level dollar amount using an open period of 30 years. However, since the County is using the modified accrual basis of accounting as prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, the County is not required to show any accrued liability on the face of its finance statements, only to the notes to those financial statements.

Actuarial Assumptions and Methods

The actuarial assumptions used to value the County’s post-employment benefits are of three types, economic, medical benefit and demographic.

Health care economic assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken for its July 1, 2012 report from its outside consultant.

Demographic assumptions were selected based upon those used by the State Division of Pensions and Benefits in calculating pension benefits taken from its July 1, 2013 actuarial report prepared by its outside consultant.

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The actuarial cost method utilized for the County's actuarial valuation is the Projected Unit Credit method. It is an acceptable method under GASB Statement 45 and is a method whereas an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The normal cost amount is expected to increase annually at the discount rate, currently 4.50%. In addition, the asset valuation method is not applicable, as the plan is currently unfunded.

(25) *Open Space, Recreation, Farmland and Historic Preservation Trust Fund*

The County has established a Trust Fund in which the County will retain 70% of the fund to acquire land, improve recreation facilities, and preserve farmland and historic areas throughout Bergen County, with the remaining 30% to assist municipalities to acquire and improve outdoor recreation facilities.

The County will raise up to one cent per \$100 of total County equalized real property valuation during each of the next five years to fund this Trust.

During 1999 the County established a Trust Fund for the above. As of December 31, 2012 and 2013, the fund had a balance of \$44,457,271 and \$38,311,842, respectively.

Included in the balance as of December 31, 2012 and 2013, is \$42,424,641 and \$29,233,553 in contracts payable set aside for various municipalities in the County.

(26) *Overpeck Park*

The County of Bergen owns Overpeck County Park, which had been a municipal sanitary landfill from 1952 to 1975. Four hundred acres of the site remain undeveloped. The site was conveyed to the County by the Village of Ridgefield Park, Township of Teaneck, Borough of Leonia, Borough of Palisades Park and City of Englewood for the purpose of development as a public park. The site to be developed includes land in Ridgefield Park, Teaneck, Leonia and Palisades Park.

The County entered into an amended final judgment on October 1, 2002 that required the redevelopment of portions of the site by September 30, 2009. The natural forces of erosion have caused the site to deteriorate. It is necessary to close the landfill under present D.E.P. requirements to develop the park facilities in the future.

The County, through a grant agreement with the Bergen County Improvement Authority (the "BCIA") has transferred the responsibility for the closure and redevelopment of the landfill to the BCIA. As part of this agreement, the BCIA issued Notes in the amount of \$12,000,000. Such debt is cross collateralized by the County with its full faith and credit pursuant to N.J.S.A. 40:37A-80.

Pursuant to the Agreement, within 45 days of the issuance of the \$12,000,000 Bond or Note, the BCIA paid \$8,500,000 to the County as a first licensing fee payment (which has been included as a revenue in the County's 2003 Budget). On September 8, 2005 the BCIA permanently financed these notes and issued a \$12,000,000 Taxable Revenue Bond, Guaranteed by the County.

Under the terms of the Agreement, the balance of the funds was used for all expenses relating to the project. Included in these costs is a \$2,500,000 payment to the municipalities (part of the court order).

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The remaining \$1,000,000 is made up of capitalized interest for two years (Note interest) engineering and licensing costs (NJDEP) and usual costs of issuance.

An analysis of the cost estimates for the closure and post closure of the landfill was performed. The report, which was received in April, 2008, estimated the total costs of closure to be \$10,800,000 and the estimated post closure cost for 30 years to be \$9,800,000.

As of December 31, 2010 and 2009, the BCIA has accrued costs of \$15,661,508 and \$15,074,005, respectively, based on a percentage of the capacity of the landfill filled as of that date. The County, as the party ultimately responsible for funding these costs, is liable to the BCIA for the full amount of these accrued costs and has recognized this obligation on the books of its General Capital Fund. The County has adopted Ordinances 06-35, 07-73, 08-48 and 10-16, to which the closure and post-closure costs were charged in full amount of the liability to the BCIA. Through December 31, 2010, the County has directly paid closure and post-closure costs totaling \$15,661,508. As of December 31, 2011 the County has no liability to the BCIA for Overpeck Park Closure and post-closure costs.

In addition, refer to Note 2 of these notes to financial statements for a description of the \$7,383,149 New Jersey Environmental Infrastructure Trust Loan awarded to the County for expenses related to the landfill. The loan finances, in part, Ordinance 06-35.

(27) Subsequent Events

A subsequent event is an event or transaction occurring after the balance sheet date, but before the financial statements are either issued or available to be issued. A review of County operating activity has been performed to identify events that provide evidence about conditions that did not exist as of the balance sheet date; instead, they arose subsequent to that date.

On April 16, 2014 the County issued Bonds \$54,830,000 County Guaranteed Governmental Pooled Loan Revenue Bonds, Series 2014B The bonds mature February 15, 2015 through 2035 with interest rates ranging from 2.0% to 5.0%, respectively.

On June 24, 2014 the County issued Bonds \$44,250,000 General Obligation Bonds consisting of \$4,250,000 of College Bonds pursuant to the County College Bond Act of P.L. 1971. C12, and \$40,000,000 Special Services School Bonds, series 2014, NJ School Bond Reserve Act of 1980. The bonds mature on June 15, 2015 through 2034 with interest rates ranging from 2.0% to 3.50%.

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(28) Fixed Assets

The following is a summary of the General Fixed Assets as of December 31, 2012 and 2013

		<u>Balance</u> <u>Dec 31, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land	\$	523,807,509	1,889,879	42,800	525,654,588
Buildings		291,199,118	—	55,000	291,144,118
Machinery and Equipment		91,453,399	7,926,589	211,850	99,168,138
		<u>906,460,026</u>	<u>9,816,468</u>	<u>309,650</u>	<u>915,966,844</u>
		<u>Balance</u> <u>Dec 31, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Land	\$	525,654,588	—	—	525,654,588
Buildings		291,144,118	—	—	291,144,118
Machinery and Equipment		99,168,138	2,579,781	534,137	101,213,782
		<u>915,966,844</u>	<u>2,579,781</u>	<u>534,137</u>	<u>918,012,488</u>