

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 4, 2013

NEW ISSUE
BOOK-ENTRY ONLY

SERIAL BONDS
Rating: See "RATING" herein.

In the opinion of Wolff & Samson PC, Bond Counsel to the County, assuming compliance by the County with certain tax covenants described herein, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings" of certain corporations. Under existing law, interest on the Bonds and any gain from the sale of the Bonds is not included as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**COUNTY OF BERGEN
NEW JERSEY
\$65,000,000* GENERAL OBLIGATION BONDS OF 2013, SERIES C
consisting of
\$57,855,000* General Improvement Bonds of 2013, Series C-1
and
\$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2
(New Jersey School Bond Reserve Act, P.L. 1980, c.72)
(Callable)
(Not Bank Qualified)
(Tax-Exempt)**

Dated: December 1, 2013

Due: December 1 as shown below

MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Improvement Bonds*</u>	<u>School Bonds*</u>	<u>Total Principal Amount*</u>	<u>Rate (%)</u>	<u>Price or Yield (%)</u>
2014	\$1,875,000	\$250,000	\$2,125,000		
2015	2,750,000	250,000	3,000,000		
2016	3,000,000	500,000	3,500,000		
2017	2,850,000	500,000	3,350,000		
2018	2,850,000	500,000	3,350,000		
2019	3,205,000	500,000	3,705,000		
2020	2,850,000	500,000	3,350,000		
2021	2,850,000	500,000	3,350,000		
2022	3,000,000	500,000	3,500,000		
2023	3,000,000	500,000	3,500,000		
2024	3,375,000	500,000	3,875,000		
2025	3,750,000	500,000	4,250,000		
2026	3,750,000	500,000	4,250,000		
2027	3,750,000	500,000	4,250,000		
2028	3,750,000	500,000	4,250,000		
2029	3,750,000	145,000	3,895,000		
2030	3,750,000		3,750,000		
2031	3,750,000		3,750,000		

The \$65,000,000* aggregate principal amount of General Obligation Bonds of 2013, Series C, consisting of \$57,855,000* General Improvement Bonds of 2013, Series C-1 (the "General Improvement Bonds") and \$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P.L. 1980, c. 72) (the "School Bonds"), and together with the General Improvement Bonds, the "Bonds") will be issued by the County of Bergen (the "County"), State of New Jersey (the "State") in fully registered form and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearinghouse for securities transactions. Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners of the Bonds will not receive certificates representing their interests in the Bonds. See "THE DEPOSITORY TRUST COMPANY - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be paid semiannually on the 1st day of June and December in each year until maturity, commencing on June 1, 2014. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding May 15 and November 15 ("the Record Dates" for the payment of interest on the Bonds). Principal of and interest on the Bonds will be paid to the Securities Depository by the County or its designated Paying Agent. The County has designated The Bank of New York Mellon, Woodland Park, New Jersey, as the Paying Agent for the Bonds.

The Bonds maturing on or prior to December 1, 2023 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after December 1, 2024 are redeemable at the option of the County in whole or in part on any interest payment date on or after December 1, 2023 upon notice as required herein at a Redemption Price of 100% of the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption.

The Bonds are authorized pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), N.J.S.A. 18A:64A-1 et seq., as amended and supplemented, various bond ordinances of the County duly adopted and published as required by law, and a certificate of the County Executive providing for the form and details of the Bonds.

The Bonds are the valid and legally binding obligations of the County of Bergen and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable real property within the County without limitation as to rate or amount. The Bonds are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the County. See "SECURITY FOR THE BONDS" herein.

Proposals for the Bonds will be received electronically via MuniAuction on Wednesday December 11, 2013 at the times and in the manner described in, and in accordance with, the Notice of Sale for the Bonds, which is available on the MuniAuction website at www.GrantStreet.com.

The Bonds are offered when, as and if issued, subject to prior sale, withdrawal or modification of the offer without notice and to approval of legality by Wolff & Samson PC, West Orange, New Jersey, Bond Counsel to the County. Certain legal matters concerning the County will be passed on by the County Counsel, James X. Sattely, Jr., Esq. The Bonds will be available for delivery to DTC and payment for the Bonds will occur at the offices of Wolff & Samson PC, West Orange, New Jersey on or about December 18, 2013.

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

Dated: December __, 2013

*Preliminary, subject to change.

This is a Preliminary Official Statement "deemed final" by the County within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The County will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

BERGEN COUNTY OFFICIALS

COUNTY EXECUTIVE

Kathleen A. Donovan

BOARD OF CHOSEN FREEHOLDERS

FREEHOLDER - CHAIRMAN

David L. Ganz

FREEHOLDER – VICE CHAIRWOMAN

Joan M. Voss

FREEHOLDERS

Maura DeNicola

John A. Felice

John D. Mitchell

Steve Tanelli

Tracy Silna Zur

COUNTY ADMINISTRATOR

Edward Trawinski

COUNSEL TO THE BOARD

Edward Florio, Esq.

COUNTY COUNSEL

James X. Sattely, Jr., Esq.

CLERK TO THE BOARD

Michele DiIorgi

CHIEF FINANCIAL OFFICER/COUNTY TREASURER

Joseph Luppino

BOND COUNSEL

Wolff and Samson PC

West Orange, New Jersey

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information and expressions of opinion set forth herein have been provided by the County and are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. Certain information set forth herein has been obtained from other sources believed to be reliable but is not guaranteed by the County as to accuracy or completeness, and is not to be construed as a representation of the County. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

References to statutes, laws, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive and all such references are qualified in their entirety by reference to the full text of the particular document being referenced, including any qualifications or exceptions contained therein. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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for the Year Ended December 31, 2012

Appendix B - Selected Financial Information for the Years Ended December 31, 2008-2012

Appendix C - Form of Approving Legal Opinion of Wolff & Samson PC

Appendix D - Form of Continuing Disclosure Certificate

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**OFFICIAL STATEMENT
OF THE
COUNTY OF BERGEN, NEW JERSEY
\$65,000,000* GENERAL OBLIGATION BONDS OF 2013, SERIES C
CONSISTING OF
\$57,855,000* GENERAL IMPROVEMENT BONDS OF 2013, SERIES C-1
and
\$7,145,000* SPECIAL SERVICES/ VOCATIONAL SCHOOL BONDS OF 2013, SERIES C-2
(NEW JERSEY SCHOOL BOND RESERVE ACT, P.L. 1980, c.72)**

**(CALLABLE)
(Not Bank Qualified)
(Tax-Exempt)**

INTRODUCTION

This Official Statement (the “Official Statement”) which includes the cover page and the appendices attached hereto, has been prepared by the County of Bergen (the “County”), State of New Jersey (the “State”) in connection with the sale and issuance of \$65,000,000* General Obligation Bonds of 2013, Series C (the “2013C Bonds” or the “Series C Bonds”), consisting of \$57,855,000* General Improvement Bonds of 2013, Series C-1 (the “General Improvement Bonds”) and \$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P. L. 1980 c. 72) (the “School Bonds”) (collectively the “Bonds”) dated December 1, 2013. This Official Statement has been executed by the Chief Financial Officer of the County.

THE BONDS

General Description

The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple thereof, through book entries made on the books and records of The Depository Trust Company, New York, New York (“DTC”) and its participants.

The Bonds shall be dated December 1, 2013 and will mature on December 1, in the years and in the principal amounts shown on the cover page hereof. The Bonds shall bear interest from their date, payable on each June 1 and December 1, commencing June 1, 2014 (each, an “Interest Payment Date”), in each year until maturity at the rates shown on the cover page hereof. So long as DTC or its nominee, Cede & Co., (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by The Bank of New York Mellon, Woodland Park, New Jersey, the Paying Agent for the Bonds, directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the close of business on each May 15 and November 15 preceding an Interest Payment Date (the “Record Dates” for the payment of interest on the Bonds).

* Preliminary, subject to change.

Schedule of Maturities

\$65,000,000* GENERAL OBLIGATION BONDS OF 2013, SERIES C					
<u>Year</u>	General	<u>School</u>	Total	<u>Rate (%)</u>	<u>Price or</u> <u>Yield (%)</u>
	Improvement		Principal		
	<u>Bonds*</u>	<u>Bonds*</u>	<u>Amount*</u>		
2014	1,875,000	250,000	2,125,000		
2015	2,750,000	250,000	3,000,000		
2016	3,000,000	500,000	3,500,000		
2017	2,850,000	500,000	3,350,000		
2018	2,850,000	500,000	3,350,000		
2019	3,205,000	500,000	3,705,000		
2020	2,850,000	500,000	3,350,000		
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2028	3,750,000	500,000	4,250,000		
2029	3,750,000	145,000	3,895,000		
2030	3,750,000		3,750,000		
2031	3,750,000		3,750,000		
	<u>\$57,855,00</u>	<u>\$7,145,000</u>	<u>\$65,000,000</u>		

* Preliminary, subject to change.

Security for the Bonds

The full faith and credit of the County are irrevocably pledged for the punctual payment of the principal of and the interest of the Bonds. The Bonds will be direct and general obligations of the County and the County will be obligated to levy ad valorem taxes upon all of the taxable real property within the County without limitation as to rate or amount. The County has never defaulted in the payment of either principal or interest on any indebtedness.

The Bonds are not a debt or obligation, legal or moral or otherwise, of the State of New Jersey or any political subdivision thereof, other than the County.

New Jersey School Bond Reserve Act

The School Bonds are additionally secured by the New Jersey School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980 c. 72, as amended by P.L. 2003 c. 118) (the "New Jersey School Bond Reserve Act") and accordingly the Bonds will bear the following legend as required by the New Jersey School Bond Reserve Act:

"Payment of this obligation is secured under the provisions of the 'New Jersey School Bond Reserve Act' in accordance with which an amount equal to 1% of the aggregate outstanding bonded indebtedness (but not to exceed the moneys available in the fund), of New Jersey counties, municipalities and school districts for school purposes as of September 15 of each year, is held within the State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payments of principal and interest due on such bonds in the event of the inability of the issuer to make payment."

The major change made by the 2003 amendments to the New Jersey School Bond Reserve Act was to reduce the reserve level to 1% for bonds issued on or after the effective date of the legislation (July 1, 2003) by creating an old reserve account (for bonds issued prior to July 1, 2003, with a 1.5% reserve level (the old statutory reserve level)) and a new reserve account (for bonds issued on or after July 1, 2003, with a 1% reserve level). In addition, various changes were made to the School Bond Reserve Act which were intended to strengthen the School Bond Reserve.

These changes are discussed hereinafter and included cross-collateralization, State aid intercept and annual replenishment provisions.

The New Jersey School Bond Reserve Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States Government or obligations guaranteed by the full faith and credit of the United States Government. Securities representing at least one-third of the minimum market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. The trustees of the Fund are to determine, on or before September 15 of each year, the aggregate amount of school purpose bonds issued and outstanding and to maintain the old school bond reserve account and the new school bond reserve account at the appropriate levels for the ensuing year based upon annual market valuations of the obligations invested. The funds that are set aside in the old school bond reserve account are pledged as security for the prompt payment to holders of bonds issued prior to July 1, 2003 for school purposes by counties, municipalities and school districts of the principal of and the interest on such bonds in the event of the inability of the issuer to make payment. The funds that are set aside in the new school bond reserve account are pledged as security for the prompt payment to holders of bonds issued on or after July 1, 2003 for school purposes by counties, municipalities and school districts of the principal of and the interest on such bonds issued in the event of the inability of the issuer to make payment. The two school bond reserve accounts are cross-collateralized.

Trustees of the Fund are charged with making an annual determination of the amount of school bonds outstanding and with adjusting the level of each of the reserve accounts accordingly, to the extent that moneys are available in the Fund. The School Bond Reserve Act provides that moneys received from the sale of lands belonging to the State as of 1980 or formerly lying under water are dedicated to the support of public schools and shall constitute a part of the Fund. In the event that proceeds from the sale of State riparian interests are, in the future, made payable by law to purposes other than the Fund, they may not be applied to such purposes so long as there is a deficit in the School Bond Reserve. The State Treasurer is required, subject to the availability of other State funds, to replenish any deficiencies in the School Bond Reserve accounts on an annual basis. Further, the State is prohibited from borrowing from the Fund for liquidity purposes unless the reserve accounts are at their required levels, as measured annually.

Under the School Bond Reserve Act, the School Bond Reserve is pledged as security for the prompt payment of principal of and interest on bonds issued by counties, municipalities or school districts for school purposes in the event any issuer thereof is unable to make payment. Any issuer which anticipates that it will be unable to make such payment is instructed to certify its inability to the Commissioner of Education (the "Commissioner") and the Director of the Division of Local Government Services in the Department of Community Affairs (the "Director") at least 10 days prior to the date payment is due. If the Commissioner and the Director approve the certification, they then certify the same to the Fund Trustees. On receipt of the certification or other notice of the inability of a district to make a debt service payment, the Trustees are required, within the limits of the School Bond Reserve, to purchase such bonds at the face amount or pay such interest when due. The amount which may be applied to any one issuer's bonds is not limited. There is a State aid intercept mechanism to replenish draws on the School Bond Reserve. There have not been any required withdrawals from the Reserve since its establishment.

The School Bond Reserve Act does not contain a covenant by the State to refrain from repealing, revoking, rescinding, modifying or amending the provisions of that Act.

Redemption

The Bonds maturing on or prior to December 1, 2023 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after December 1, 2024 are redeemable at the option of the County in whole on any date or in part on any interest payment date on or after December 1, 2023, upon notice as required herein at the respective prices expressed as percentages of the principal amount as set forth below (the "Redemption Price"), plus in each case accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2023 and thereafter	100.0%

Notice of Redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the County or a duly appointed Bond Registrar. Any failure of DTC to advise any of its Participants or any failure of any Participant to notify any Beneficial Owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the County determines to redeem a portion of the Bonds, the maturities of the Bonds to be redeemed shall be selected by the County; the Bonds to be redeemed within a maturity shall be selected by the DTC in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption and no further interest shall accrue beyond the redemption date.

Authorization and Purpose of the Bonds

The Bonds are authorized and are to be issued pursuant to the laws of the State including N.J.S.A. 40A:2-1 et seq., the Local Bond Law, constituting Chapter 2 of Title 40A of the revised statutes of New Jersey (the “Local Bond Law”), various bond ordinances of the County and a certificate of the County Executive combining such bonds into a consolidated issue and providing for the form and details of the Bonds.

All of the bond ordinances included in the sale of the Bonds were published in full after their adoption along with the statement that the 20 day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced to run from the date of the first publication of such estoppel statement. The Local Bond Law provides in part that after 20 days after publication of a bond ordinance following final passage thereof by the Freeholders, the compliance of such ordinance with the provisions of the Local Bond Law and every other law and all matters in connection therewith, and the issuance of obligations authorized thereby, shall be conclusively presumed. The County adopting such ordinance and all other persons interested shall forever be estopped from denying that such ordinance or its final adoption or issuance of obligations thereunder do not comply with the provisions of the Local Bond Law and every other law, or from questioning in any manner the validity of such ordinance or any obligations issued thereunder in any action or proceeding commenced after such 20 days shall have elapsed.

The proceeds from the sale of the Bonds will be used for the following purposes:

Construction or Reconstruction of Various Improvements and Acquisition of Various Equipment within the County	\$57,855,000*
Special Services/Vocational School Purposes	<u>7,145,000*</u>
	<u>\$65,000,000*</u>

Part of the proceeds of the Bonds will be used to pay off \$28,300,000 of Bond Anticipation Notes due December 20, 2013, which partially funded these projects.

THE DEPOSITORY TRUST COMPANY (“DTC”)

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

*Preliminary, subject to change.

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County or Paying Agent as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts

upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, its nominee, the County, or the Paying Agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry Only System

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DEMOGRAPHIC AND ECONOMIC FACTORS

General Description of Bergen County

Although the County of Bergen (the "County") comprises only 3% of the State's total land area, the County leads all other counties in the State in having the largest number of workers, private-sector jobs, and mean household income of \$105,488 in 2010. The County has the largest population in the State. Situated in the northeastern tip of the State, its location offers all the advantages of being near the hub of the New York City metropolitan region. Many of the area's employed residents work elsewhere, many in New York City.

Since income is high in the County, many fine stores, restaurants, and hotels are located in the County, or very close to it. The County is also the home of the Meadowlands Sports Complex and the professional football teams that play there. Although suburban, the area has clearly taken on an ambiance reminiscent of Manhattan: luxury high-rises on the Hudson River (dividing New Jersey from New York City) overlook the "city" and many modern office buildings are scattered throughout the area.

The total net equalized valuations of Land and Improvements for constituent municipalities for 2013 was \$165,008,934,260. Equalized ratables in the County have increased over \$57 billion since 2003.

For years the County has had one of the lowest county real estate tax rates in New Jersey.

The County is classified as a first-class county in the State and is divided into 70 municipalities, which include 56 boroughs, 9 townships, 3 cities (Englewood, Hackensack and Garfield) and 2 villages (Ridgewood and Ridgefield Park).

The City of Hackensack is the county seat of the County.

Early History

The County was organized under an act of the New Jersey Assembly on March 1, 1682 at which time the first four counties in the State were formed - Bergen, Essex, Monmouth and Middlesex. The first settlers in the County area were chiefly of Dutch descent, although there were also some French Huguenots who settled there. The early boundaries of the County went through many changes, expanding and contracting through the years. In 1837, Passaic County was formed from the western part of the County, and in 1840 Hudson County was formed from the southern part of the County. It was not until 1874 that the State Assembly passed an act to permanently define the boundary lines between these counties.

The County is replete with legends, history and heroes of the Revolutionary Age. The County's geographical location on the strategic Hudson River near New York City placed it close to action that took place during the War of the American Revolution. Fort Lee's fortifications were manned by American forces under General Nathaniel Greene. The Mansion House, which served as a temporary headquarters for General George Washington, no longer in existence, formerly stood across the Green from the Bergen County Courthouse.

The "Baylor Massacre" of 1778 took place in River Vale. There were many different encampments of Washington's troops throughout the County. The famous Washington Spring, now in Van Saun County Park, in Paramus Borough, was used by the soldiers as well as Washington himself, according to legend, and received its name from this fact.

In 1790, the census taken in the County showed that there were 12,601 persons in the County. The languages spoken included Dutch, English and even a smattering of Indian, although the last Indians had left the County before 1750. Farming was the chief occupation in the County but soon gave way to industry, since the County has high land values. Although once not as important as agriculture, industries today are of great significance to the County's economy.

Governmental Structure

The County operates under an elected Board of Chosen Freeholders and elected County Executive form of county government (known as the "County Executive Plan") and is governed by such Board of Chosen Freeholders, County Executive and such other officers and employees as may be duly appointed pursuant to the provision of the Optional County Charters Act or ordinance of the County.

Under the County Executive Plan form of government which was adopted by referendum in November, 1985, the County Executive is the executive branch of government responsible for the exercise of all administrative and executive functions of the County and the Board of Chosen Freeholders is the legislative branch of government responsible for the exercise of all legislative powers of the County and such investigative powers as are germane to the legislative powers of the County. All freeholders of the County are elected at large.

Veto Over Authorities

Legislation concerning the powers of county executives over certain authorities and amending various parts of the statutory law was signed into law on April 21, 1995. (P.L. 1995, c.91) gives the County Executive the authority to veto the minutes of the Bergen County Utilities Authority, Northwest Bergen County Utilities Authority and The Bergen County Improvement Authority.

Geographical Location

The County is located in northern New Jersey and comprises part of the New York-New Jersey metropolitan area. The County borders New York State on the north and east, and is surrounded by Passaic, Essex and Hudson Counties.

Through its proximity to New York City, the County has the advantages of a large city but also an atmosphere conducive to good living and working.

Its strategic position across the Hudson River from the country's largest city gives its residents and industry close contact with the financial center of the world and the advantages of the great shipping center. It is located in the northeastern part of the State along the Hudson River, is connected with New York City by the George Washington Bridge and adjoins Rockland County, New York. The County affords ample parking facilities, horizontal expansion for corporate offices, a pool of skilled workers and nationally known industrial neighbors.

From the tableland along the summit of the Palisades, above the Hudson River, the land slopes sharply to the broad valley of the Hackensack River, rises and descends again across the Saddle River and Ramapo River valleys and then rolls up the steep sides of the wooded Ramapo Mountains above the northwest border. South of these, the Passaic River forms the boundary between Bergen and Passaic Counties.

Industries and Air Services

Many nationally and internationally known industries and corporations have their major or branch plants in the County, providing an unusual diversification of industry and steady employment opportunities. The County is the headquarters for many of the foreign automobile manufacturers who bring their cars into the United States.

Teterboro Airport, a modern general aviation "reliever" airport, is located in the County. A major public purpose is to attract general aviation aircraft away from the large passenger airports in the New York metropolitan area. To this end, Teterboro offers the following advantages:

1. Its 827 acres of land makes it larger in area than New York's LaGuardia Airport.
2. It is a customs clearance airport.
3. It is the closest general airport to midtown Manhattan, New York.
4. Landing fees are substantially lower than Newark Liberty International and LaGuardia Airports.

Teterboro Airport has more airplane movements than Newark Liberty International Airport. Teterboro ranked in the top 35 aircraft movements in the country. It is one of the busiest airports in the country as far as general aviation activity.

Hospitals

In addition to Bergen Regional Medical Center ("BRMC" or "Hospital") (formerly Bergen Pines County Hospital), the Englewood, Hackensack, South Bergen, Holy Name and Valley Hospitals, as well as Kessler Institute for Rehabilitation, serve the County.

BRMC provides a wide range of services in acute medicine and surgery, long-term care, and psychiatry, as well as in physical medicine and rehabilitation, and services patients of all ages from throughout the County and other locations in northern New Jersey. BRMC is licensed for 323 psychiatric beds, 574 long-term care beds and 173 acute care beds.

Founded in 1916, Bergen Pines County Hospital was governed and operated by the County for more than 80 years. In late 1995, the County convened a special ad hoc committee ("Blue Ribbon Panel") to examine the governance of, and to develop recommendations as to the County's options for the future operations of, Bergen Pines County Hospital, in order to, among other things, assess options available to the County to best position the Hospital to effectively compete in the changing regulatory environment and health care market, and to strengthen and enhance the "safety net" of health care services that had been provided at Bergen Pines

County Hospital up to that time. In January 1997, the Blue Ribbon Panel issued its “Report on the Future Governance and Operations of Bergen Pines” (“Report”). In the Report, the Blue Ribbon Panel recommended that the County implement a restructuring process under which the County would transfer substantially all of the operating assets of the Bergen Pines County Hospital to The Bergen County Improvement Authority (“Authority”) and that the Authority in turn contract with a third party (for profit or not-for-profit) to manage, administrator, operate and maintain the Hospital on behalf of the Authority. The Report strongly recommended that the County require the Authority and such third party management entity to pursue various opportunities to become part of a larger “integrated delivery network of healthcare providers serving residents of the County and other locations in Northern New Jersey”. On February 27, 1997, the County Executive formally accepted the Report.

In order to implement the Report’s recommendations, on July 3, 1997, the County, on behalf of the Authority, issued a request for proposals to enter into a lease and management agreement for the Hospital. Following negotiations with two private for-profit entities, the Board of Chosen Freeholders of the County accepted the proposal of Solomon Health Group, L.L.C. (“Solomon”), a private for-profit limited liability company, to provide the required management services. Solomon’s proposal included a proposal under which Solomon would itself provide all long-term care services at the Hospital, and a proposal under which Solomon would enter separate subcontracts with the Valley Hospital with respect to the provision of acute care services and Horizon Mental Health Management, Inc. with respect to the provision of psychiatric care services.

Thereafter, the County executed a Lease and Agreement dated December 17, 1997 (“County Lease”) with the Authority, by which the County (effective as of March 15, 1998) (a) transferred to the Authority the license issued by the State Department of Health and Senior Services for the operation of the Hospital, (b) leased to the Authority the Bergen Pines Real Property and the Bergen Pines Business Assets for a 19-year period, and (c) assigned to the Authority responsibility, during the 19-year lease term, for the operation of the Hospital. Simultaneously, the Authority executed a Lease and Operating Agreement dated December 17, 1997 (“Authority Lease and Operating Agreement”) with Solomon, by which the Authority in turn (effective as of March 15, 1998) (a) leased the Bergen Pines Real Property and the Bergen Pines Business Assets to Solomon for a co-terminus 19-year period (the “Lease Term”) and (b) assigned to Solomon (as the for-profit independent contractor manager) the management, administration, operation and maintenance (at Solomon’s sole cost and expense) 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. (“Manager”), and executed and delivered by each of Solomon and the Manager sometime after the March 15, 1998 effective date of the Authority Lease and Operating Agreement, (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 Manager of its obligations under the Authority Lease and Operating Agreement and the related agreements.

Accordingly, the County remains the owner of the Hospital and the Authority holds the license therefor and retains a leasehold interest therein, with the Manager (as sub-tenant) responsible (at its sole cost and expense) for the day-to-day operation of the Hospital. Pursuant to the terms of the County Lease and the Authority Lease and Operating Agreement, it is the County’s obligation to pay the cost of certain capital improvements. In the County Lease to the Authority, the County agreed that, in the event the Authority is obligated to make payment of certain amounts in connection with certain activities relating to the Hospital, then the County either will provide sufficient moneys to the Authority so that such costs and expenses can be paid or will provide written notice to the Authority of the County’s intent to terminate the County Lease.

On March 15, 2000, the Authority issued \$28,000,000 principal amount of long-term Taxable Project bonds with a maturity date of March 15, 2017 (“BRMC Bonds”) in order to permanently finance the acquisition by the Authority of the leasehold interest in the Bergen Pines Real Property.

Although the Authority, as the holder of the license for the operation of the Hospital, receives and is (under the Authority Lease and Operating Agreement) entitled to receive all revenues (from all revenue sources) derived from the operation by the Manager (at its sole cost and expense) of the Hospital, the Authority is in turn obligated (under the terms 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 the license holder) as the result of the operation by the 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 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 the lessee of the Bergen Pines Real Property and the Bergen Pines Business Assets and as the successor to Solomon) is in turn required under 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 annually at 50% of the annual percentage increase in the CPI) (the current annual lease payment is \$7,764,660); and (2) to make an annual reimbursement payment to the Authority in the amount of \$357,848 on account of the Authority’s administration and implementation of the Authority Lease and Operating Agreement (“Manager’s Annual Administrative Reimbursement”).

The moneys to which the Authority is entitled on account of Fixed Annual Rent are 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 to the County and representing the lease payment by the Authority to the County under the County Lease.

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

In connection with the Authority Lease and Operating Agreement, the Authority made a working capital loan and an accounts receivable loan to the Manager. The working capital loan has been paid in full. The amount due under the accounts receivable loan is \$27,134,944. 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, but which were collected by the Authority from and after March 15, 1998 and paid over to the Manager as a portion of Additional Revenue.

Certain Litigation Affecting the Bergen Regional Medical Center

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 Manager 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 in the litigation as a plaintiff, which motion was granted in October 2012. On June 12, 2012, the Manager 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 Manager'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). 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 20, 2013, the Manager filed an Answer to the Authority's Fourth Amended Complaint, and a Combined Counterclaim, Crossclaim and Third Party Complaint against the Authority and other parties. On November 15, 2013, the Authority and the County filed a Fifth Amended Complaint asserting additional claims against the Manager for conversion of reimbursement payments that the Authority and the County are entitled to receive from Medicaid, Medicare and other third-party payors as a result of funds expended by the Authority and the County for capital improvements and depreciation on the Medical Center facility as well as reimbursement payments based on interest the Authority and the County have paid

relating to the Medical Center facility. The Authority, County and County Adjuster intend to vigorously defend against the Manager's 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.

County Law Enforcement

The Bergen County Department of Public Safety, with 211 employees, is an integral part of law enforcement in the County. The Police Department has an outstanding record of law enforcement.

The Police and Fire Academy in Mahwah, an educational facility for policemen and firemen, and the County Jail Annex in Hackensack are two of the County's newest institutions.

Recreation

The Bergen County Department of Parks now owns over 7,804 acres of park lands which were acquired at a cost approximating \$21 million. Included in this amount are 843 acres of park land donated by various municipalities and individuals.

The County now has 26 park areas strategically located throughout the County. The facilities include provisions for swimming, boating, fishing and camping, ice skating, picnic groves, tennis, horseback riding and pony rides, model railroads, a bird sanctuary, a 18-hole golf course in Rockleigh, an 18-hole golf course in Teaneck, an 18-hole golf course in River Vale, a 9-hole golf course in Paramus, and an 18-hole golf course in Mahwah and Ramsey, playgrounds at 17 park areas, an environmental center in Wyckoff and a skiing facility at Campgaw Mountain County Reservation. Over 1,000,000 patrons used fee-charged activities and paid approximately \$8,544,364 in 2012.

The County expended \$10,316,751 of its 2012 appropriation of \$10,446,699 for recreation in 2012. The County appropriated \$11,090,116 for this purpose in 2011 and expended \$10,958,000.

Department of Public Works

This Department had an operating budget in 2011 of \$21,324,046 with expenditures of \$18,621,255. For the year 2012, the budget has decreased to \$21,311,412 and had expenditures of \$17,847,214. It has approximately 155 employees who maintain 454.38 miles of roadway in the County.

Open Space, Recreation, and Farmland and Historic Preservation Trust

Through State Law, New Jersey counties are permitted to establish a dedicated trust fund to acquire land for conservation/open space purposes, enhance recreational facilities, and for farmland and historic preservation. Counties are given great latitude in crafting their own trust funds to meet their particular priorities and objectives. Under State Law, the Board of Chosen Freeholders needs voter approval to create and fund such a Trust. The County of Bergen recognized the merits of a trust and on November 3, 1998, placed a public question on the ballot to determine whether the County should establish such a trust fund. The ballot question was approved by a two to one majority of those who voted in 1998. The referendum was approved again in 2003, by an overwhelming majority of the voters, raising the tax from .005 cents to .01 cent per 100 of total County equalized property valuation. The Referendum is advisory to the Freeholder Board, not binding upon them.

The following Program Statement is intended to outline the objectives of the program and the governance process the trust will follow:

The Bergen County Open Space, Recreation, and Farmland and Historic Preservation Trust, created by Freeholder resolution on November 24, 1998, is divided into two separate programs each having its own distinct goals and objectives. First, the County Program will use trust fund dollars on a county-wide basis to preserve land, maximize recreational opportunities, and preserve historic areas and farmland. The second component, the Municipal Program, will help the 70 municipalities of Bergen County improve their municipal recreational facilities. The Municipal program would supplement municipal efforts and will not

serve as a full funding resource. The County raised \$4,125,223, for the trust fund in 2013, based upon a rate of 0.0025 cents per hundred.

Banking Institutions

There are more than 16 commercial banks, savings and loan associations and savings banks that have headquarters within the County.

Institutions for Learning

The County has 63 high schools, 42 of which are public and 21 private or parochial, and 31 junior high schools, 30 public and 1 private. These are five institutions of higher learning located in the County:

Fairleigh Dickinson University (Teaneck)
Ramapo College of New Jersey (Mahwah)
Felician College (Lodi)
Bergen Community College (Paramus)
St. Peter's College (Englewood Cliffs)

Bergen Community College operates on a \$95 million campus, which was opened in September 1972 in Paramus, New Jersey. The student population as of September 30, 2012 was approximately 17,015.

The campus complex consists of a mega-structure building comprising seven distinct areas:

1. Administration Building Area
2. Library Learning Resources Area
3. College Center Area
4. Science and Allied Health Area
5. Business and Classroom Area
6. Physical and Health Education and Swimming Pool Area
7. Performing Arts Laboratory and Theater.

The County Vocational High Schools have the following programs:

1. At the main school in Hackensack, approximately 1,063 session students are enrolled.
2. There is one shared-time technical education center at Paramus. The Paramus facility offers training to 516 students.
3. In September of 2009, the Teterboro TEC also started a full-time technical high school enrolling 647 students.
4. There are two schools to meet the needs of students with special requirements. The full-time vocational high schools at Paramus and Teterboro provide customized services to 1,163 students.
5. The adult division provides both full-time day services as well as evening and weekend program offerings.

In April, 1995, the County and the Private Industry Council entered into an agreement to designate the Board of Vocational and Technical Schools of Bergen County as the Job Training Partnership Act (JTPA) grant recipient and administrative entity for all JTPA programs operated within the Service Delivery Area for the County effective July 1, 1995.

Investment of County Funds

Funds invested by the County during 2012 earned \$594,336 in interest. These were funds held temporarily by the County Treasurer pending disbursement. The County Treasurer is authorized to invest moneys from the Capital, Trust and General Account for limited periods.

Population

The County is the most populous in the State. The following shows the population from the Federal Census Bureau:

1940	409,646
1950	539,139
1960	780,255
1970	897,148
1980	845,385
1990	825,380
2000	884,118
2010	905,116

Dwelling Units and Population for Bergen County

Dwelling Units		Population	
2000 Census	2010 Census	2000 Census	2010 Census
339,820	352,388	884,118	905,116

Source: Bergen County Department of Planning and Economic Development

Pension Fund

Substantially all County employees participate in the State of New Jersey Pension System and the Social Security System. The State pension funds were established by act of the legislature. Benefits, contributions, means of funding and the manner of administration are determined by the legislature. The two State-administered pension funds are: the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System of New Jersey (PFRS). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds.

The County's total payroll for the year ended December 31, 2012 was approximately \$166,761,299 and approximately 78% of all County employees participated in the above mentioned funds.

Covered employees are required by State statute to contribute a certain percentage of their salary to the funds. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bill the County annually for its required contribution. The County's 2011, 2012 and 2013 contributions to these funds were \$26,554,800, \$24,731,664 and \$25,843,099, respectively.

In addition to PERS and PFRS, there is also a County-administered pension fund that covers specific employees whose enrollment preceded the creation of the State-administered funds. The County also contributes to the State-administered Judicial Retirement System which covers the pensions of certain widows of judges.

Potential Liability for Accrued Sick Time and Accrued 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 unused one-half accrued sick leave, to a maximum of \$15,000 or \$25,000 depending on the employee's title. The potential terminal leave liability for persons eligible, who are 60 years of age or older, or 10 or more years of service, as of December 31, 2011 and 2012 was \$12,725,932 and \$12,770,826, respectively.

Employees accrue vacation time at the rate of 15 days per year for the first five years of service and 20 days per year thereafter. The time remains accrued for 2 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 2011 and 2012 was \$6,880,048 and \$7,259,952, respectively. No provision is made in the financial statements for the accrued value of terminal leave and vacation time.

Other Post-Employment Benefits

The County provides lifetime medical benefits to County employees who retire after 25 years of state pension membership or upon a disability retirement. For retirees with 25 years of service, Part B premiums are reimbursed by the County. Dependents of retirees are covered until the death of the retiree except for Parks Department spouses that maintain coverage at no cost.

The last effective date of the biannual OPEB valuation was December 31, 2011. There were 1,192 retired employees receiving benefits with 659 receiving dependent or spousal coverage.

Actuarial Valuation Results

The actuarial accrued liability for retirees is \$414,292,000 and for active employees is \$265,008,000 for a total accrued liability (unfunded) of \$679,300,000 at December 31, 2011.

The County accounts for post-retirement benefits on a pay-as-you-go basis which is in compliance with the NJ regulatory basis of accounting

Actuarial valuation, annual required contribution assumptions and methods are disclosed in footnote 25 of the enclosed financial statements.

Recent Events

On October 29, 2012, Tropical Storm Sandy made landfall five miles south of Atlantic City, New Jersey. The resulting storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the State. In the days following the storm, most schools and businesses - and many roads, bridges and public transportation systems - were closed. The County applied for federal assistance, including reimbursement of certain associated costs from the Federal Emergency Management Agency ("FEMA") to allow the County to recover a portion of the storm related costs. As of October 2013 the County has received approximately \$595,000 in reimbursements from FEMA.

COUNTY AND OVERLAPPING INDEBTEDNESS

Overlapping Government Units

In addition to the various municipalities and school districts within the County, the following exist within the County to provide certain governmental services: the Bergen County Utilities Authority, the Northwest Bergen Utilities Authority and The Bergen County Improvement Authority.

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general and utility capital expenditures by municipalities and counties. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for general purposes. All bonds and notes issued by the County are general full faith and credit obligations.

Debt Limits

The debt of the County is limited by the Local Bond Law to an amount equal to 2% of its equalized valuation basis. The equalized valuation basis of the County is set by statute as the average for the last three years of the equalized value of all taxable real property within its boundaries as annually determined by the State Board of Taxation and the assessed valuation of Class II railroad property for each of the three most recent years.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. As of December 31, 2012, the amount of debt authorized by the County as a percentage of the average equalized value of taxable real property in the County equaled .46%. The County filed its last Supplemental Debt Statement as of November 27, 2013 which resulted in a .48% of average equalized valuation.

Exceptions to Debt Limits - Extension of Credit

The debt limit of the County may be exceeded with the approval of the Local Finance Board (“Board”), which is located within the Division of Local Government Services, Department of Community Affairs, New Jersey (“Division”). If all or any part of a proposed debt authorization would exceed its debt limit, the County must apply to the Board for an extension of credit. The Board considers the request concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Board determines that a proposed debt authorization would materially impair the ability of the County to meet its obligations or to provide essential services, approval would be denied. In addition, debt in excess of the debt limit may be issued without the approval of the Board to fund certain bonds and notes, to provide for certain self-liquidating purposes and to fund improvements in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

The County may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional renewal period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year through the fifth year, the amount of notes that may be issued in each year is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

Debt Statements

The County must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31, of each year, the County must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized issued and unissued debt of the County as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowings. Even though the County’s authorizations are within its debt limits, the Division can supervise State regulations as to the amounts and purposes of local borrowings.

Appropriation “CAPS”

The Local Government CAP Law, N.J.S.A. 40A:4-45.1 et seq. (“Cap Law”) places limits on municipal and county expenditures. This limitation is commonly referred to as a “CAP”. The actual calculation of the “CAP” is somewhat complex and the actual “CAP” computations are prepared by the Division of Local Government Services in the State Department of Community Affairs and distributed to each municipality and county. In addition to the “CAP” increase in expenditures, other increases allowable include increases funded by increased service fees, proceeds from the sales of municipal assets and increased expenditures mandated by State and Federal Laws. Appropriations for items excluded from the “CAP” computation, including debt service requirements, may be set at any necessary level, and are not subject to the “CAP”.

In summary, in determining the “CAP” for each budget year, the prior year’s total general appropriations are reduced by certain statutory-type appropriations with the resulting balance multiplied by 5% or the index rate, as defined in the CAP Law (whichever is less), thereby producing the basic “CAP”, which then may be

increased by certain known increases in revenues and State or Federal expenditures mandated after August 18, 1976.

Property Tax Levy Cap

Chapter 62 of the Pamphlet Laws of 2007 of New Jersey, effective April 3, 2007, and applicable to budget years commencing after July 1, 2007, establishes a four percent (4%) cap on annual increases in the property tax levy for local units subject to certain exceptions. On July 13, 2010, P.L. 2010, ch. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amount to be raised by taxation for capital expenditures including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

Purposes of County Debt

The following table breaks down by purpose all direct general obligation bond and loan indebtedness of the County, for the payment of the principal and interest on which the County has pledged its full faith and credit as of December 31, 2012.

Schedule of Bond and Loan Indebtedness as of December 31, 2012

County Hospital Bonds	\$19,494,000
Loans	6,270,554
General County Purposes	399,610,000
Community College	28,110,000
Vocational and Special Needs School	<u>62,038,000</u>
Gross Bond and Loan Debt Issued and Outstanding	<u>\$515,522,554</u>
Equalized Valuation Basis (last 3 years average)	\$169,600,390,461

Debt Incurring Capacity as of December 31, 2012

2% Borrowing Margin (1)	3,392,007,809
Net Debt Issued, Outstanding and Authorized	<u>786,791,919</u>
Remaining Borrowing Capacity	<u><u>\$2,605,215,890</u></u>

(1) Limited by Local Bond Law, N.J.S.A. 40A:2-1 et seq., to 2% of average equalized valuation.

Debt History

The following table shows certain ratios relating to the County's gross and net direct general obligation indebtedness including \$447,998,000 par amount of bonds issued and authorized but not including bonds issued as guaranteed by the County.

**History of Bonded Debt Ratios
as of December 31**

<u>Year</u>	<u>Average Equalized Valuation(1)</u>	<u>Gross Debt (Issued and Authorized But Not Issued)</u>	<u>Gross Debt Capita</u>	<u>Ratio of Gross Debt to Equalized Valuation</u>	<u>Net Debt</u>	<u>Net Debt Per Capita</u>	<u>Ratio of Net Debt To Equalized Valuation</u>
2012	\$169,600,390,461	1,276,830,919	1,411	.75%	786,791,919	869	.46%
2011	175,561,330,658	1,209,730,000	1,337	.69	698,412,830	772	.40
2010	180,879,321,850	1,248,273,490	1,379	.69	730,825,490	807	.40
2009	182,615,485,340	1,138,505,430	1,288	.62	681,875,430	771	.37
2008	178,689,519,616	1,102,573,565	1,247	.62	630,661,565	713	.35
2007	167,437,813,943	1,087,757,268	1,230	.65	588,623,268	666	.35
2006	152,282,812,151	825,597,736	934	.54	521,130,736	589	.34

Source: Annual Debt Statements filed with the Division of Local Government Services, New Jersey Department of Community Affairs.

(1) Represents average equalized valuation for the three fiscal years ending in the corresponding year set forth in this table.

The following table shows the principal of all direct general obligation bond indebtedness and bond anticipation note indebtedness of the County for the last five fiscal years.

**Schedule of Comparative Net Debt
as of December 31**

	<u>2012(1)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Bonds and Notes Issued Outstanding:					
Bond	\$509,252,000	\$486,681,000	\$473,629,000	\$435,677,000	\$381,038,000
Loan	<u>6,270,554</u>	<u>7,245,943</u>	<u>8,019,184</u>	<u>8,793,335</u>	<u>9,551,189</u>
Total Issued	515,522,554	493,926,943	481,648,184	444,470,335	390,589,189
Bonds and Notes Authorized But Not Issued	<u>313,320,365</u>	<u>248,239,887</u>	<u>287,256,305</u>	<u>280,489,095</u>	<u>283,656,376</u>
	828,842,919	742,166,830	768,904,489	724,959,430	674,245,565
Less: Statutory Deductions	<u>42,051,000</u>	<u>43,754,000</u>	<u>38,078,999</u>	<u>43,083,910</u>	<u>43,584,000</u>
Total Issued and Authorized But Not Issued	<u>\$786,791,919</u>	<u>\$698,412,830</u>	<u>\$730,825,490</u>	<u>\$681,875,520</u>	<u>\$630,661,565</u>

Source: Bergen County Audit Reports

(1) 2012 Annual Debt Statement

**County of Bergen Statement
of Indebtedness as of
December 31, 2012**

GROSS DEBT	
Bonds, Notes and Other Loans Issued and Outstanding	
Bonds and Notes	\$509,252,000
Loans	6,270,554
	515,522,554
 Bonds and Notes Authorized But Not Issued	 313,320,365
 TOTAL GROSS DEBT	 828,842,919
 Statutory Deductions(1)	 42,051,000
 TOTAL NET DEBT	 \$786,791,919
 GROSS DEBT	
Per Capita (2010 Census – 905,116)	\$915
Percent of Average Equalized Valuation (\$169,600,390,461)	.49%
 NET DEBT	
Per Capita (2010 Census – 905,116)	\$869
Percent of Average Equalized Valuation (\$169,600,390,461)	.46%

Source: County Records

(1) Statutory deductions are used to determine the legal borrowing capacity of the County. The County, however, is obligated under law to repay the full amount of its gross debt.

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**County of Bergen
Combined Principal and Interest Requirements
Outstanding Bonds and Administrative Building Capital Lease of the County
as of December 31, 2012**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	42,135,084	19,536,556	61,671,640
2014	43,998,476	18,163,224	62,161,700
2015	45,918,447	16,732,888	62,651,335
2016	47,749,662	15,231,697	62,981,359
2017	49,628,090	13,969,329	63,597,419
2018	51,953,982	12,286,392	64,240,374
2019	51,219,339	10,062,605	61,281,944
2020	39,820,769	8,196,770	48,017,539
2021	41,626,913	6,819,235	48,446,148
2022	35,274,802	5,364,181	40,638,983
2023	34,512,000	4,052,054	38,564,054
2024	22,948,000	2,726,940	25,674,940
2025	20,860,000	1,927,959	22,787,959
2026	21,252,000	1,167,959	22,419,959
2027	9,765,000	387,379	10,152,379
2028	3,048,000	99,060	3,147,060
	<u>\$561,710,564</u>	<u>\$136,724,228</u>	<u>\$698,434,792</u>

Source: Bergen County Treasurer's Office.

On May 7, 2013, the County issued \$39,285,000 General Obligation Refunding Bonds of 2013, Series A with a \$2,485,538 total reduction in debt service for the years 2013 through 2019.

On June 7, 2013 the County issued \$1,500,000 of County College Bonds maturing at \$300,000 per year for five years, with interest rates from 1 to 2 %.

THE COUNTY BUDGET

Status of County Budget

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 *et seq.*), every county in the State is required to adopt a balanced budget. See "Budget Requirements" and "Budget Process" herein. The County's budget for calendar year 2012 was adopted on June 6, 2012. The County's budget for calendar year 2013 was approved on May 7, 2013 and was adopted on June 5, 2013.

Budget Requirements

No County budget may be adopted without the approval of the Director of the Division of Local Government Services ("Director"). The Director approves the budget once he has determined that the budget meets all the requirements of the Local Budget Law (N.J.S.A. 40A:4-1 *et seq.*), and all regulations of the Board.

The Local Budget Law imposes various restrictions on the formulation of the County budget, the more important of which pertain to anticipation of revenues and review of adequacy of appropriation. Among other restrictions, the Local Budget Law requires that the budget be balanced and that the Director examine the Budget with reference to all estimates of revenue and the following appropriations: (a) administration, operation and maintenance of each office, department, institution or other agency of the County, (b) contingent expenses in an amount not more than 3% of the total referred to in clause (a) of this paragraph, (c) payment of interest and debt redemption charges, (d) deferred charges and statutory expenditures, (e) cash

deficit of preceding year, (1) reserve for uncollected taxes and other reserves and non-disbursement items deemed advisable by the Board of Chosen Freeholders, and (g) the payment of all judgments not for capital purposes and for which bonds or notes cannot be lawfully issued. Anticipated tax revenues are limited to the same proportions as actual cash collections bore to the total levy in the previous year and a reserve amount must be factored into the budget to make up for the expected shortfall in amounts actually realized the previous year unless the Director certifies a higher figure.

The Local Budget Law, and the acts amendatory thereof and supplemental thereto, prohibits counties from measuring their final appropriations by more than the lesser of five percent or the index rate determined annually by the Director over that appropriated for the previous year. Not subject to the five percent limit are increases funded by sources other than an increase in the general property tax rate or necessitated by specified emergencies (as approved by the local governing body and the Board), for debt service, funding previous deficits, uncollected taxes, expenses mandated by state or federal law, and amounts received by new or increased fees or sales of assets.

A further statute limits the amount of increases in the State budget exclusive of state aid which may be appropriated to counties, municipalities and school districts. The maximum expenditure of the State cannot exceed the amount determined by multiplying the annual percentage increase in State per capita personal income by the appropriations of the State in the year prior to the current fiscal year. Adjustments are made should a transfer of functions or services occur between the state and Counties or municipalities. Statewide referenda are required to authorize additional expenditures.

Anticipated non-tax revenues of the County are limited to the amount actually realized the previous year unless the Director authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off not later than June 30 of the succeeding fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions which focus on anticipated revenues serve to protect the solvency of the County. The County budget, by law and regulation of the Division, must be in balance and is a "cash basis" budget.

Pursuant to the Local Budget Law, miscellaneous revenues shall include such amounts as may reasonably be expected to be realized in cash during the fiscal year from known and regular sources or sources reasonably capable of anticipation and lawfully applicable to the appropriations made in the budget. The County's miscellaneous revenues generally consist of surplus, operating surplus from prior years, County purpose tax, State and Federal Aid, interest on investments, user fees, license fees and permits.

The Local Budget Law further provides that no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the Freeholders that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the County.

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

Budget Process

Primary responsibility for the County's budget process lies with the Administrator. As prescribed by the Local Budget Law, adoption should occur by the end of February, however, an extension may be granted by the Division to any local governmental unit. In the first quarter in which the Budget formulation is taking place, the County operates under a temporary budget which may not exceed 25% of the previous fiscal year's modified budget. Upon adoption of an annual operating budget by the Freeholders, the Board of Taxation computes a tax rate for County purposes and apportions County Purpose Tax requirements to be paid by each municipality. The tax rate for each municipality includes County tax requirements.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the County budget and determination of the tax rate may be authorized by the Freeholders with the approval of the Director. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restrictions, they are subject to internal review and approval.

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

A verified statement of the financial condition of the County ("Annual Financial Statement") for the fiscal year must be filed with the Division on or before January 26, of the succeeding year. This financial statement is filed by the Chief Financial Officer of the County, it reflects the results of operations for the year of the Current Fund. If there is a cash deficit in the fund, it must be included in full in the succeeding year's budget.

While the Annual Financial Statement is not audited, the variance, if any, between the Annual Financial Statement fund balance and audited fund balance is usually immaterial.

Annual Audit

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, regulates the non-budgetary financial activities of the County. An annual audit of the County's books, accounts and financial transactions for the previous year must be performed by a licensed Registered Municipal Accountant or by qualified employees of the Bureau of Financial Regulations and Assistance in the State Department of Treasury. The audit, conforming to the Divisions' "Requirements of Audit," includes recommendations for improvement of the County's financial procedures and must be filed with the Director of the Division within 6 months after the close of each fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days after receipt thereof by the Clerk of the County.

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**Comparative Summary of 2013, 2012, 2011, 2010 and 2009
County of Bergen County Budgets**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Anticipated Revenues					
Surplus Anticipated	18,000,000	\$18,325,000	\$18,575,000	\$18,650,000	\$18,770,000
State and Federal Grant Programs	12,286,792	16,722,457	17,483,984	18,818,915	16,346,288
State Assumption of Costs of County Social and Welfare Services	40,203,467	38,414,547	40,240,125	38,859,415	40,790,963
Miscellaneous Revenues-Local	35,112,248	34,817,784	36,439,448	36,502,783	39,349,235
State Aid	1,944,106	1,668,771	1,667,170	2,116,391	2,152,261
Other Special Items	19,830,430	18,516,033	20,751,364	19,974,688	23,741,420
Amount to be Raised by Taxation - County Purpose Tax	<u>371,021,714</u>	<u>358,524,718</u>	<u>351,980,788</u>	<u>352,741,117</u>	<u>339,528,761</u>
	<u>\$498,398,757</u>	<u>\$486,989,310</u>	<u>\$487,137,882</u>	<u>\$487,663,309</u>	<u>\$480,678,928</u>
Appropriations:					
Legislative Branch	\$1,406,767	\$1,250,429	\$1,340,079	\$1,444,513	\$1,442,061
Executive Branch	213,824,317	204,707,099	206,039,033	204,280,369	204,525,395
Educational Agencies	54,000,283	52,034,919	54,808,372	57,583,112	55,811,476
Constitutional Officers	94,761,538	94,624,853	91,129,893	93,491,970	92,048,380
Other Boards & Agencies	15,333,767	15,331,610	14,512,875	15,816,537	16,415,698
Other Public and Private Programs	12,291,792	16,722,457	17,483,984	18,825,095	16,353,708
Capital Improvement Fund	1,450,000	825,000	725,000	3,910,000	3,910,000
Debt Service	66,315,032	64,087,035	62,038,250	58,053,351	58,305,907
Deferred Charges and Statutory Expenditures	<u>39,015,261</u>	<u>37,405,908</u>	<u>39,060,396</u>	<u>34,258,362</u>	<u>31,866,303</u>
	<u>\$498,398,757</u>	<u>\$486,989,310</u>	<u>\$487,137,882</u>	<u>\$487,663,309</u>	<u>\$480,678,928</u>

Capital Improvement Program

The capital budget and improvement program of the County is designed to function as a planning tool for legislators, County officials and administrators. It allows County officials to evaluate alternatives and determine priorities for projects and programs in relation to available and projected financial resources. A carefully organized program and project schedule can avoid costly improper decisions or ill-timed action in a project involving the allocation of scarce capital resources.

A capital budget is the first proposal of the financial allocation described in the six year capital improvement program. The main purpose of the capital budget is to initiate planning for ultimate authorization of capital projects for the first year of the six year plan/program. The proposed Capital Budget for 2013 has not yet been finalized. The anticipated Capital Budget (2013) and Capital Improvement Program (2013-2018) do not represent actual authorization of projects, but rather conceptual recognition of the needs of specific capital improvements.

With restrictions on current spending and new financial resources becoming limited, it is imperative that capital planning and budgeting become more responsive to public needs, both present and long range. In addition to the cost of the selection process, the impact of each project on future operating budgets must be considered. In prioritizing capital projects, a major element for recommendation of investment is the degree to which a facility will either generate revenues or significantly reduce costs.

The following schedule depicts the anticipated County Capital Plan for 2013-2018. This plan does not provide an appropriation for the purposes outlined, nor does it commit the Governing Body to the project or amounts listed. The Governing Body will make determinations, on a priority basis, as each program is proposed, as to the need for and method of financing.

**Six Year Capital Program (2013-2018) Anticipated
Project Schedule and Funding Requirements**

<u>Project</u>	<u>Total Costs</u>
Roads and Bridges	\$79,086,900
County Buildings	18,550,000
Vocational Schools	57,718,000
County Parks	10,440,000
Equipment	28,092,000
County College	6,000,000
Justice Center	10,000,000
Hospital Improvements	<u>10,000,000</u>
	<u>\$219,886,900</u>

<u>Year</u>	<u>Amount</u>
2013	77,886,900
2014	25,000,000
2015	28,000,000
2016	29,000,000
2017	30,000,000
2018	<u>30,000,000</u>
	<u>\$219,886,900</u>

Source: 2013 Proposed Capital Budget of the County

TAX INFORMATION OF THE COUNTY

County Tax Rates

County taxes are apportioned based on equalized valuations in the County. The following table sets forth the valuations on which County taxes are apportioned.

**Valuation of Real Property, Personal Property
Net Valuation Taxable and County Tax Rate Base**

<u>Year</u>	<u>Assessed Valuation of Real Property</u>	<u>Assessed Valuation of Personal Property</u>	<u>Net Valuation Taxable</u>	<u>County tax Rate Valuation of Real and Personal Property</u>	<u>County Tax Rate Per \$100</u>
2013	\$154,120,620,960	\$129,981,494	\$154,250,602,454	\$165,008,934,260	.2273
2012	156,257,035,229	220,570,599	156,487,605,828	168,748,014,772	.2178
2011	159,282,506,684	265,906,193	159,548,412,877	173,258,537,441	.2032
2010	159,201,628,355	285,137,988	159,486,766,343	183,412,099,706	.1935
2009	157,889,099,871	240,884,027	158,129,983,898	187,580,071,463	.1820
2008	154,608,441,017	220,878,563	154,829,319,580	182,767,512,263	.1751

Source: Bergen County Board of Taxation, Abstract of Ratables

**Comparative Statement of Equalized Valuations and General Tax Rate for Constituent Municipalities
Net Equalized Valuations of Land and Improvements**

<u>Municipality</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Municipal Tax Rate Per \$100</u>
Allendale	1,666,131,533	1,632,325,403	1,747,089,290	2.357
Alpine	2,284,539,934	2,299,345,703	2,457,778,235	.724
Bergenfield	2,657,053,290	2,755,673,769	2,893,274,034	3.031
Bogota	711,789,326	811,078,125	859,824,307	3.531
Carlstadt	2,015,315,081	2,147,768,033	2,285,174,671	1.982
Cliffside Park	2,972,437,284	3,069,379,243	3,010,892,799	2.181
Closter	2,035,360,558	2,094,167,079	2,161,138,793	2.102
Cresskill	2,056,298,706	1,994,212,751	2,303,399,323	2.413
Demarest	1,387,669,514	1,356,214,790	1,411,968,299	2.348
Dumont	1,921,251,025	1,862,289,135	2,133,727,587	3.248
Elmwood Park	2,162,263,204	2,295,775,313	2,374,358,577	2.636
East Rutherford	2,387,996,042	2,414,475,439	2,409,474,206	1.845
Edgewater	3,103,684,359	3,077,531,023	2,821,205,491	1.626
Emerson	1,271,210,844	1,324,355,506	1,282,656,347	2.443
Englewood	4,916,498,238	5,030,140,011	4,916,867,735	2.477
Englewood Cliffs	3,251,369,948	3,210,144,642	3,369,668,246	0.849
Fair Lawn	4,540,063,262	4,513,685,965	5,093,674,514	2.989
Fairview	1,140,245,967	1,155,691,027	1,198,088,239	2.781
Fort Lee	6,423,963,635	6,243,353,355	6,434,128,212	2.123
Franklin Lakes	4,344,917,974	4,471,193,866	4,354,743,831	1.557
Garfield	2,222,574,471	2,218,546,804	2,261,396,327	2.522
Glen Rock	2,476,715,916	2,490,809,889	2,507,253,486	2.680
Hackensack	5,607,198,120	5,746,741,785	5,517,412,592	3.217
Harrington Park	918,267,901	983,913,449	1,036,552,493	2.495
Hasbrouck Heights	1,712,005,582	1,660,478,221	1,839,003,545	2.836
Haworth	988,226,052	1,036,587,284	1,047,745,035	2.699
Hillsdale	1,760,985,490	1,893,124,566	1,952,438,002	2.569
Ho-Ho-Kus	1,247,993,130	1,263,868,792	1,241,057,068	1.914
Leonia	1,284,097,638	1,383,380,144	1,433,653,199	2.488
Little Ferry	1,308,473,093	1,192,884,823	1,333,009,341	2.561
Lodi	2,093,287,811	2,066,736,528	2,209,792,311	3.180
Lyndhurst	2,833,854,903	2,937,565,920	3,375,925,358	2.631
Mahwah	6,206,660,611	6,426,627,582	6,314,882,225	1.664
Maywood	1,280,476,904	1,243,838,007	1,395,595,810	2.744
Midland Park	1,195,418,944	1,172,997,775	1,322,372,357	2.719
Montvale	2,177,618,311	2,280,590,779	2,300,568,569	2.097
Moonachie	693,703,463	842,731,657	731,355,696	1.943
New Milford	1,693,839,974	1,924,561,040	1,977,668,307	3.086
North Arlington	1,474,726,003	1,586,564,192	1,573,385,021	2.806
Northvale	929,610,243	974,575,740	940,665,793	2.515
Norwood	1,273,704,913	1,327,086,242	1,281,719,006	2.249
Oakland	2,397,105,440	2,456,287,818	2,370,838,202	2.566
Old Tappan	1,783,242,734	1,776,965,605	1,793,532,441	1.814
Oradell	1,571,313,680	1,732,579,488	1,761,002,376	2.723
Palisades Park	2,676,189,031	2,411,408,481	2,515,552,209	1.784
Paramus	8,650,909,314	8,558,395,272	8,672,226,280	1.726
Park Ridge	1,743,954,709	1,822,150,340	1,764,641,919	2.375
Ramsey	3,386,000,514	3,532,621,934	3,702,343,039	2.603
Ridgefield	1,802,638,944	1,694,353,610	1,861,734,898	2.073
Ridgefield Park	1,370,921,451	1,364,697,743	1,342,736,493	3.385
Ridgewood	5,968,091,065	6,342,573,286	6,476,883,013	2.356

**Comparative Statement of Equalized Valuations and General Tax Rate for Constituent Municipalities
(Continued)**

Net Equalized Valuations of Land and Improvements

<u>Municipality</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Municipal Tax Rate Per \$100</u>
River Edge	1,650,484,645	1,612,162,697	1,845,519,614	3.132
River Vale	1,984,989,947	2,043,697,829	2,075,161,024	2.229
Rochelle Park	896,065,307	980,904,991	1,070,397,320	2.114
Rockleigh	245,674,748	237,476,831	293,922,079	1.006
Rutherford	2,595,320,799	2,720,527,434	2,838,462,128	2.382
Saddle Brook	2,117,814,471	2,410,380,131	2,503,847,569	2.579
Saddle River	2,442,947,439	2,473,909,790	2,614,548,606	0.979
South Hackensack	698,498,445	680,426,705	715,128,735	2.360
Teaneck	5,456,608,194	5,786,499,545	5,834,628,366	2.486
Tenafly	4,103,014,129	4,090,505,003	4,003,014,657	2.332
Teterboro	397,690,118	426,418,334	419,446,581	1.348
Upper Saddle River	2,827,191,218	2,920,759,989	2,954,810,904	2.165
Waldwick	1,501,747,889	1,568,251,207	1,626,620,445	2.454
Wallington	1,003,993,152	1,035,069,933	1,109,897,490	2.206
Washington	1,724,606,794	1,795,740,588	1,808,844,172	1.898
Westwood	1,960,006,352	2,135,623,100	2,093,028,898	2.463
Woodcliff Lake	1,999,384,529	1,969,565,261	2,183,926,392	2.132
Wood-Ridge	1,209,075,739	1,247,911,212	1,256,721,214	3.600
Wyckoff	4,313,961,266	4,507,239,218	4,636,536,100	1.555

Ten Largest Assessed Valuation in the County - 2013

<u>2013 Assessment</u>	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Location</u>
\$739,346,600	Westland GSP	Shopping Mall	Paramus
313,740,000	Fed Res Bank	Bank Facility	East Rutherford
247,730,300	Vornado Bergen Mall LLC	Shopping Mall	Paramus
162,000,000	ALX of Paramus, LLC	Shopping Mall	Paramus
156,547,900	Becton Dickinson & Co	Manufacturer	Franklin Lakes
156,048,800	Riverside Square Limited	Shopping Mall	River Edge
139,063,000	BMW of North America	Corp Headquarters	Woodcliff Lake
126,774,000	Hackensack Hospital Assn	Medical	Hackensack
124,500,500	Edgewater Ret. Ptrns.	Apartments	Edgewater
114,000,000	Medco Solution	Corp Headquarters	Franklin Lakes

Source: Bergen County Board of Taxation

Ten Largest Employers in the County – 2012

<u>Employer</u>	<u>Location</u>	<u>Activity</u>
Hackensack University Medical Center	Hackensack	Private Hospital
Valley Health Systems, Inc.	Ridgewood	Private Hospital
Bio-Reference Laboratories	Elmwood Park	Clinical Testing
Express Scripts	Franklin Lakes	Managed Health Care
Quest Diagnostics	Teterboro/Lyndhurst	Medical Testing
KPMG LLP	Montvale	Professional Services
Englewood Hospital and Medical Center	Englewood	Private Hospital
Englewood Hospital Home Health Care	Englewood	Health Care
Unilever Best Foods	Englewood Cliffs	Manufacturing
Stryker	Allendale/ Mahwah	Manufacturing

Source: Bergen County Department of Planning and Economic Development (1) - Based on number of employees

Tax Collection Record

The following table is the current real property tax collection record of the County for the years 2003 through 2012:

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2012	\$358,524,718	\$358,524,718	100%
2011	351,980,788	351,980,788	100%
2010	352,741,119	352,741,119	100%
2009	339,474,761	339,474,761	100%
2008	317,897,300	317,897,300	100%
2007	294,531,199	294,531,199	100%
2006	271,194,255	271,194,255	100%
2005	258,445,109	258,445,109	100%
2004	241,956,754	241,956,754	100%
2003	224,781,526	224,781,526	100%

Source: County Records

County Taxes

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

Each municipality is required to pay to the County Treasurer its share of the County Purpose tax on the fifteenth day of February, May, August and November of each year. The County gets its share of the taxes collected from the first taxes collected by each municipality.

Tax Appeals

The Bergen County Board of Taxation (“Taxation Board”) processes all appeals of county tax assessments. The appeal process is described below:

The taxpayer remits the full assessment (including any disputed amount) to the municipal tax collector. The municipality then remits the amount of county tax assessed against the municipality to the County Treasurer.

The taxpayer files an appeal with the Taxation Board, which conducts a hearing. If the appeal is granted, the municipality remits payments to the taxpayer. The county tax assessed to the municipality for the succeeding year is then reduced by the total amount of appeals granted. Therefore, the County does not remit payment to the taxpayer or the municipality for appeals granted.

If the Taxation Board does not grant the appeal or if the taxpayer is not satisfied with the amount granted, the taxpayer has a right to a hearing by the New Jersey Tax Court.

DOCUMENTS ACCOMPANYING DELIVERY OF BONDS

At the time of delivery, the Bonds shall be accompanied by (a) the approving opinion of the law firm of Wolff & Samson PC, West Orange, New Jersey, which opinion will be furnished without cost to the successful bidder for the Bonds, substantially in the form attached hereto as Appendix C, which should be read in its entirety; (b) certificates in form satisfactory to that law firm evidencing the proper execution and delivery of the Bonds and the receipt of payment therefor; and (c) a certificate, in form and tenor satisfactory to that law firm and dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Bonds.

TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the “Code”) imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the County to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. In connection with the issuance of the Bonds, the County will make certain representations, certifications of fact, and statements of reasonable expectation, and will make certain ongoing covenants to comply with applicable requirements of the Code, to assure the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code. The County will also covenant not to take any action or permit any action which would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds to be an item of tax preference under Section 57 of the Code.

In the opinion of Wolff & Samson PC, Bond Counsel to the County, under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the County and assuming the County observes its ongoing covenants with respect to compliance with the Code, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes pursuant to the Code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the Code for purposes of the alternative minimum tax imposed with respect to individuals and corporations. See Appendix C – Form of Approving Legal Opinion of Wolff & Samson PC.

Additional Federal Income Tax Consequences

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

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

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

State Taxation

In the opinion of Bond Counsel, under existing law, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR INDEPENDENT TAX ADVISORS WITH REGARD TO ALL FEDERAL, STATE AND LOCAL TAX MATTERS.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned the municipal bond rating of "()" to the Bonds.

An explanation of the significance of such credit rating may be obtained from Moody's. The County furnished Moody's with certain information and materials concerning the Bonds and the County. Generally, Moody's bases its ratings on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. The rating is not a recommendation to buy, sell or hold the Bonds and there can be no assurance that any such rating will be maintained for any given period of time or that such rating may not be raised, lowered or withdrawn entirely, if in Moody's judgment, circumstances so warrant. Any downward change in or withdrawal of any such rating may have an adverse effect on the marketability or market price of the Bonds.

LITIGATION

To the knowledge of the County Counsel, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Bonds offered for sale or the levy or collection of any taxes to pay interest or principal of said Bonds or in any manner questioning the authority or proceedings for the issuance of said Bonds or for the levy or collection of said taxes. Also, there is no litigation pending or, to the best knowledge of the County Counsel, threatened that would have a material and adverse impact on the financial condition of the County if adversely decided. The following is a list of significant pending litigation:

A. 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.

B. Miltner/Auriemma v. The County of Bergen

This matter is venued in the Superior Court of New Jersey, Bergen County. This is a claim by two

former employees of the Department of Human Services who allege that they were harassed by a fellow employee who is no longer employed by the County of Bergen. Ms. Miltner is deceased and Ms. Auriemma is no longer employed by the County. To date, a settlement demand has only been made by Ms. Miltner in the amount of \$900,000.00. This matter is being handled by outside counsel and discovery is ongoing.

C. Borough of Paramus v. County of Bergen, Bergen County Improvement Authority, Solomon Health Group, L.L.C., and Bergen Regional Medical Center, L.P.

The principal issue in this case requires a determination by the Court as to whether certain real property, Lot 1 in Block 6402 on the Tax Assessment Map of the Borough of Paramus, the 62.88 acre campus of Bergen Regional Medical Center which is owned by the County (whose property is tax exempt), which was leased by defendant County to defendant BCIA (whose property is tax exempt), and which was in turn subleased by defendant BCIA to defendant Solomon Health Group, L.L.C. (“Solomon”) and its successor in interest, defendant Bergen Regional Medical Center, L.P. (“BRMCLP”) (which latter are for-profit entities and whose properties are not tax exempt), continues to be exempt from taxation under New Jersey law. Section 2.4(e) of the Lease and Operating Agreement between the Authority, as lessor, and Manager, as lessee, provides that in the event the real property being managed by Bergen Regional Medical Center (which was formerly known as Bergen Pines) becomes subject to taxation, the management fee payable by the Authority shall be increased by the amount of such tax.

D. Janowski v. County of Bergen

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

E. Carney v. Bergen County 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 promotions and \$450,000. This matter is still in the discovery stage with various depositions being conducted. This matter is being handled by outside counsel.

F. Certain Litigation Affecting the Bergen Regional Medical Center

See “DEMOGRAPHIC AND ECONOMIC FACTORS” – Certain Litigation Affecting the Bergen Regional Medical Center” herein.

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.

MUNICIPAL BANKRUPTCY

The undertakings of the County should be considered with reference to Chapter IX of the Bankruptcy Act, 11 United States Code Section 401, *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit a State, political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt; directs

such a petitioner to file with the court a list of petitioners' creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or materials actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides the Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a county must follow in order to take advantage of the provisions of the Bankruptcy Act.

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE

In connection with the issuance and delivery of the Bonds, the County will execute a written undertaking to provide secondary market disclosure information as set forth in Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The form of the undertaking is set forth in Appendix D hereto. Annual financial information including operating data shall be filed with the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access Dataport or such other national repository, if in existence.

Except as stated in the following two sentences, as of the date hereof and during the past five years, the County has not failed to comply with any undertaking previously executed by the County pursuant to the Rule in connection with a prior issuance of bonds of the County. Under a certain undertaking of the County with respect to bonds of the County, the County was obligated to file its annual financial information for the fiscal year ended December 31, 2012 by July 29, 2013. The County filed such annual financial information on August 20, 2013.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Wolff & Samson PC, West Orange, New Jersey, Bond Counsel. The unqualified approving opinion of Bond Counsel will be delivered with the Bonds. Certain legal matters will be passed on for the County by its Counsel, James X. Sattely, Jr., Esq., County Administration Building, One Bergen County Plaza, Hackensack, NJ 07601.

PREPARATION OF OFFICIAL STATEMENT

The County hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchaser of the Bonds, by certificates signed by the County Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of the Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The firm of Louis C. Mai CPA & Associates, Pompton Plains, New Jersey, assisted in the preparation of information contained in this Official Statement and Appendix B. All other information has been obtained

from sources which Louis C. Mai CPA & Associates, considers to be reliable, but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

Wolff & Samson PC has not participated in the preparation of the financial or statistical information in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

The financial statements of the County included in this official statement as Appendix A have been audited by Louis C. Mai CPA & Associates, Independent Certified Public Accountants, to the extent and for the periods indicated in their report thereon.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained therein, may be directed to Joseph Luppino, Chief Financial Officer, telephone (201) 336-6555, County Administration Building, One Bergen County Plaza, Hackensack, New Jersey 07601.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds. All quotations from summaries and explanations of provisions of law of the State of New Jersey herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

The Official Statement has been duly executed and delivered by the Chief Financial Officer of the County.

By: _____
Joseph Luppino
Chief Financial Officer

Dated: December , 2013

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Appendix A

Excerpts from Audited Financial Statements for the Year Ended December 31, 2012

COUNTY OF BERGEN

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LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
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Unmodified Opinions on Basic Financial Statements Accompanied by Additional Financial Information

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, 2012 and 2011 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, 2012, 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, 2012 and 2011 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 County of Bergen, New Jersey, as of December 31, 2012 and 2011 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, 2012 on the regulatory basis of accounting described in note 1.

Other Matters

Additional Financial Information

Our audit was conducted for the purpose of forming an opinion on the regulatory financial statements that collectively comprise the County's financial statements. The additional financial information included in the accompanying table of contents, is presented for the purpose of

additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information included in the accompanying table of contents are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013 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

June 7, 2013

LOUIS C. MAI CPA & ASSOCIATES

P.O. Box 624
Pompton Plains, N.J. 07444

Phone: 973-492-2524
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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, 2012 and 2011 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, 2012, 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 June 7, 2013

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

June 7, 2013

COUNTY OF BERGEN

Balance Sheet

Current Fund

December 31, 2012 and 2011

Assets	Ref.	2012	2011
Regular Fund:			
Cash	A-4	\$ 58,652,611	53,536,293
Imprest and Change Funds	A-10	2,470	1,470
		<u>58,655,081</u>	<u>53,537,763</u>
Receivables and other assets with full reserves:			
Added and Omitted Taxes	A-15	690,075	586,864
Bergen Pines Accounts Receivable	A-24	27,134,945	30,634,437
Sundry Receivable	A-13	21,556	19,521
Due from Grant Fund	A-9	571,397	—
		<u>28,417,973</u>	<u>31,240,822</u>
Total Current Fund		<u>87,073,054</u>	<u>84,778,585</u>
Federal and State Grant Fund:			
Grants receivable	A-21	21,490,551	24,936,931
Due from Current Fund	A-20	—	1,046,308
		<u>21,490,551</u>	<u>25,983,239</u>
		<u>\$ 108,563,605</u>	<u>110,761,824</u>
Liabilities, Reserves and Fund Balance			
Regular Fund:			
Liabilities:			
Appropriation reserves	A-3,A-16	\$ 11,704,000	8,775,799
Encumbrances payable	A-18	8,687,100	9,251,534
Contracts Payable	A-17	6,338,507	3,811,192
Other Reserves	A-8	1,693,808	1,829,979
Due to Self Insurance Trust Fund	A-12	—	927,405
Reserve for Grants Unappropriated	A-14	94,012	825,389
Due to Federal and State Grant Fund	A-20	—	1,046,308
Deferred Revenue	A-19	80,241	37,727
		<u>28,597,668</u>	<u>26,505,332</u>
Reserve for receivables and other assets		28,417,973	31,240,822
Fund balance	A-1	<u>30,057,413</u>	<u>27,032,431</u>
		<u>87,073,054</u>	<u>84,778,585</u>
Federal and State Grant Fund:			
Appropriated reserves	A-23	14,589,587	16,169,212
Encumbrances payable	A-22	6,329,567	9,814,027
Due to Current Fund	A-20	571,397	—
		<u>21,490,551</u>	<u>25,983,239</u>
		<u>\$ 108,563,605</u>	<u>110,761,824</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Operations and Changes in Fund Balance

Current Fund

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenue and other income realized:		
Fund balance utilized	\$ 18,325,000	18,575,000
Miscellaneous revenue anticipated	123,905,555	127,541,034
Receipts from current taxes	358,524,718	351,980,788
Miscellaneous revenues not anticipated	13,297,360	12,834,705
Other credits to income:		
Unepended balance of appropriation reserves	3,584,628	4,270,171
Miscellaneous receivables collected	—	15,838
Other credits	—	5,962
Appropriations Canceled	3,572,425	3,820,819
Contracts payable canceled	497,747	778,850
Total income	<u>521,707,433</u>	<u>519,823,167</u>
Expenditures:		
Budget Appropriations - Original	486,989,311	487,137,882
Appropriations added by NJSA 40A:4-87	12,755,123	12,704,382
Other charges to income:		
Miscellaneous receivable	2,035	19,521
Interfunds advanced	571,397	
Other charges to income	39,585	88,212
Total expenditures	<u>500,357,451</u>	<u>499,949,997</u>
Excess in revenue	21,349,982	19,873,170
Fund balance, January 1	<u>27,032,431</u>	<u>25,734,261</u>
	48,382,413	45,607,431
Decreased by utilized as anticipated revenue	<u>18,325,000</u>	<u>18,575,000</u>
Fund balance, December 31	<u>\$ 30,057,413</u>	<u>27,032,431</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2012

	Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 18,325,000	18,325,000	—
Miscellaneous Revenues :			
<i>Local Revenues:</i>			
Register of Deeds	2,843,100	3,276,854	433,754
Surrogate	543,800	549,185	5,385
Sheriff	1,428,100	1,803,508	375,408
Interest on Investments and Deposits	375,000	594,337	219,337
Park Fees and Revenue	8,217,036	8,544,364	327,328
Realty Transfer Fees	4,096,600	4,331,482	234,882
State of NJ - Court Lease	119,173	119,174	1
Election Ballot Printing	1,717,500	1,140,473	(577,027)
Reimbursement from State of NJ for State Prisoners held in County Jail	67,700	31,552	(36,148)
Bergen Regional Medical Center	240,000	240,000	—
Police and Fire Academy Fees	125,500	93,376	(32,124)
Reimbursement for In-Kind Grants	1,907,200	1,801,486	(105,714)
Animal Shelter Contracts	798,100	782,042	(16,058)
Animal Center - Other Fees	158,700	119,990	(38,710)
Shared Services Health Agreements	2,083,800	1,692,414	(391,386)
Bergen County Health Care Center	9,164,200	9,076,375	(87,825)
Shared Services Health Agreements - Kearney	60,000	60,000	—
Shared Services Health Agreements - 40 Passaic Street	546,200	570,544	24,344
Interlocal- Prosecutor's Office MOU	36,075	36,075	—
Interlocal- Interboro Regional Communications Network	290,000	290,000	—
	<u>34,817,784</u>	<u>35,153,231</u>	<u>335,447</u>
<i>State Aid:</i>			
County College Bonds - (NJSA 18A:64A-22.6)	1,668,771	1,778,849	110,078
<i>State Assumptions of Costs:</i>			
Social and Welfare Services (c.66, P.L. 1990):			
Division of Youth and Family Services	2,521,974	2,521,974	—
Supplemental Social Security Income	1,549,203	748,553	(800,650)
Psychiatric Facilities (e.73, P.L. 1990):			
Maintenance of Patients in State Institutions for:			
Mental Diseases	7,861,657	7,861,657	—
Mentally Retarded	26,254,228	26,254,228	—
Board of County Patients in State and Other Institutions			
Current Year	535	8,468	7,933
Prior Years	1,307	1,307	—
DDD Assessment Program	225,643	534,649	309,006
	<u>38,414,547</u>	<u>37,930,836</u>	<u>(483,711)</u>
<i>Public and Private Programs:</i>			
Area Plan Grant	6,237,765	6,237,765	—
Sexual Assault Nurse Examiner	73,000	73,000	—
County Environmental Health (01/01/11-12/31/11)	249,331	249,331	—
Unified Child Care (10/01/10-9/30/11)	1,562,658	1,562,658	—
Tuberculosis Control Program	20,000	20,000	—
Case Management Program (07/01/10-06/30/11)	128,162	128,162	—
VENTURE School Program	622,976	622,976	—
Unified Child Care (10/01/11-9/30/12)	1,678,756	1,678,756	—
Domestic Violence Response Coordinator	36,787	36,787	—
Aggressive Driving Enforcement	25,000	25,000	—
Victims of Crime Assistance (VOCA)	180,484	180,484	—
Early Intervention program	1,268,930	1,268,930	—
Kessler Post Stroke Grant	15,000	15,000	—
Work First NJ- Administration	114,461	114,461	—
State/Community Partnership Program	850,429	850,429	—
Megan's Law Grant	14,138	14,138	—
2012 State Health Insurance Program	31,000	31,000	—

(continued)

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2012

	Budget	Realized	Excess or (Deficit)
Sheriff IV-D Reimbursement	1,054,043	1,054,043	—
Local Arts Program	91,299	91,299	—
BC Comprehensive Community Project (10/01/10-09/30/11)	65,000	65,000	—
Cancer Education / Early Detection	270,000	270,000	—
U.S. Marshall Task Force (10/04/11-09/30/12)	1,125	1,125	—
Personal Attendant Service -Hudson County	241,627	241,627	—
Children Interagency Coordinating Council	36,874	36,874	—
Bergen County HIV-CTS-PROGRAM	106,863	106,863	—
Victims Assistance Grant	55,000	55,000	—
Bergen County DRE Pilot Program	25,000	25,000	—
ADV-IOLTA Fund	21,280	21,280	—
Comprehensive Cancer Control Plan	132,763	132,763	—
Human Service Advisory Council	66,073	66,073	—
County Comprehensive Alcohol and Drug Program	1,089,033	1,089,033	—
Bioterrorism Preparedness program	388,942	388,942	—
Sub regional transportation planning	177,917	177,917	—
Homeless	599,421	599,421	—
Municipal Alliance Program	875,974	875,974	—
Veterans Transportation (07/01/12 - 06/30/13)	26,000	26,000	—
Senior Citizen and Disabled Resident Trans	1,912,365	1,912,365	—
Job Access - Reverse Commute- Round #11	60,000	60,000	—
Comprehensive Cancer Control	2,407	2,407	—
Clean Community Program	114,416	114,416	—
Mental Health Board Administration	12,000	12,000	—
Disabled Meals On Wheels	65,472	65,472	—
County Wide Respite Care Program	563,227	563,227	—
Personal Assistance Services	750,486	750,486	—
Medicaid Peer Grouping	1,900,034	1,900,034	—
Veteran's transportation (1/1/12 - 6/30/12)	11,500	11,500	—
Gang, Gun & Narcotics Task Force	71,585	71,585	—
Juvenile Accountability incentive Grant	44,693	44,693	—
Mental Health Law Project	246,898	246,898	—
Tuberculosis Control Program (7/1/12-6/30/13)	223,658	223,658	—
Spring House for Women	61,185	61,185	—
Homeland security program	640,471	640,471	—
Innovation program	125,200	125,200	—
Prosecutor's Body Armor Replacement grant	10,725	10,725	—
County Police body Armor Replacement Grant	21,262	21,262	—
County Police body Armor Replacement Grant	8,339	8,339	—
Election Assistance Program	12,849	12,849	—
Disabled Recreation Opportunities	15,000	15,000	—
HUD Homeless Management System	85,900	85,900	—
HUD Supportive Housing program (05/01/11-04/30/12)	93,068	93,068	—
Seniors Farmers Market Nutrition	2,000	2,000	—
Emergency Management Funding	120,000	120,000	—
Domestic Violence Intervention Services	441,913	441,913	—
Sub Regional Transportation Planning	15,000	15,000	—
2012 Homeland Security	335,204	335,204	—
Jobs Access/ Reverse Commute- Round #10	190,000	190,000	—
Special Child Health Care	9,085	9,085	—
Hmis-Cd Homeless management information	21,475	21,475	—

(continued)

COUNTY OF BERGEN

Statement of Revenues

Current Fund

Year Ended December 31, 2012

	Budget	Realized	Excess or (Deficit)
Shelter Support Grant	301,924	301,924	—
NJ Historical Commission Operating Grant	20,714	20,714	—
Sheriff's Body Armor Replacement program	38,247	38,247	—
Bus Rapid Transit Grant	300,000	300,000	—
Susan G Komen Client Transportation	4,312	4,312	—
Workfirst NJ DOL Administration (7/1/12-6/30/13)	40,000	40,000	—
Community Emergency Response Team Program	2,500	2,500	—
2012 State Criminal Alien Assistance	432,540	432,540	—
State Criminal Alien Assistance	85,378	85,378	—
Non Public School; Nursing	94,153	94,153	—
Workfirst NJ DOL Administration	40,000	40,000	—
New Freedom Mobility Management Program	80,000	80,000	—
New Freedom Mobility Operating Program	115,000	115,000	—
Triboro Shuttle Service	150,000	150,000	—
Personal Assistance Services - Camden County	41,202	41,202	—
Vision and Detention Alternatives	168,083	168,083	—
UASI - Security Initiative	298,000	298,000	—
UASI - EDC Enhancement	300,000	300,000	—
UASI - INVESTMENT Project	345,000	345,000	—
	<u>29,477,581</u>	<u>29,477,581</u>	<u>—</u>
<i>Other Special Items:</i>			
Added and Omitted Taxes	624,591	624,591	—
Capital Surplus	660,000	660,000	—
Justice Center Parking	683,500	592,910	(90,590)
Motor Vehicle Surplus - Trust Fund	2,900,000	2,900,000	—
Bergen County Improvement Authority	1,392,000	1,397,615	5,615
Shared Services Pension Agreement	378,944	345,930	(33,014)
INS Inmates	4,544,300	5,032,280	487,980
Public Health Priority Funding	1,843,600	1,969,441	125,841
Shared Services - 911 Agreements	60,000	60,000	—
Register of Deeds - P.L. 2001 C370 2,90	2,612,300	2,996,254	383,954
Surrogate - P.L. 2001 C370	603,100	451,261	(151,839)
Sheriff - P.L. 2001 C370	156,700	147,750	(8,950)
Shared Services Police Services	275,000	287,096	12,096
Medicare Part D Reimbursement	1,041,000	1,358,932	317,932
Interlocal - 911 Agreement- Ridgefield	200,000	200,000	—
Housing Authority Lease	186,000	186,000	—
Interlocal - 911 Agreement- Lodi	200,000	200,000	—
Interlocal - 911 Agreement- Leonia	154,998	154,998	—
	<u>18,516,033</u>	<u>19,565,058</u>	<u>1,049,025</u>
Total Miscellaneous Revenues Anticipated	<u>122,894,716</u>	<u>123,905,555</u>	<u>1,010,839</u>
Subtotal General Revenues	141,219,716	142,230,555	1,010,839
Amount to be Raised by Taxation	<u>358,524,718</u>	<u>358,524,718</u>	<u>—</u>
Budget Totals	<u>499,744,434</u>	<u>500,755,273</u>	<u>1,010,839</u>
Miscellaneous Revenues not Anticipated (Nonbudget)	—	13,297,360	—
	<u>\$ 499,744,434</u>	<u>514,052,633</u>	<u>1,010,839</u>
Fund Balance Utilized		\$ 18,325,000	
Miscellaneous Revenues		123,905,555	
Amount to be Raised by Taxation		358,524,718	
Miscellaneous Revenues Not Anticipated		13,297,360	
		<u>\$ 514,052,633</u>	

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
<i>Legislative Branch</i>					
Board of Chosen Freeholders:					
Salaries and Wages	\$ 187,709	187,709	185,027	2,682	—
Clerk of the Board:					
Salaries and Wages	643,965	598,965	585,636	13,329	—
Other Expenses	418,755	418,755	416,052	2,703	—
Total Legislative Branch	<u>1,250,429</u>	<u>1,205,429</u>	<u>1,186,715</u>	<u>18,714</u>	<u>—</u>
<i>Executive Branch</i>					
County Executive:					
Salaries and Wages	943,209	943,209	939,193	4,016	—
Other Expenses	39,000	39,000	32,576	6,424	—
Total County Executive	<u>982,209</u>	<u>982,209</u>	<u>971,769</u>	<u>10,440</u>	<u>—</u>
Department of Administration and Finance					
Division of Treasury:					
Salaries and Wages	1,339,830	1,239,830	1,229,150	10,680	—
Other Expenses	42,775	42,775	29,914	12,861	—
Division of Fiscal Operations:					
Salaries and Wages	309,896	309,896	300,974	8,922	—
Other Expenses	2,210,655	2,700,655	2,675,072	25,583	—
Division of Personnel:					
Salaries and Wages	730,781	738,781	731,375	7,406	—
Other Expenses	36,800	36,800	26,400	10,400	—

(Continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Division of Purchasing:					
Salaries and Wages	\$ 634,242	664,242	662,539	1,703	—
Other Expenses	29,100	29,100	19,233	9,867	—
Division of Data Processing:					
Salaries and Wages	1,491,835	1,543,835	1,536,823	7,012	—
Other Expenses	544,317	486,317	399,593	86,724	—
Division of Risk management:					
Other Expenses	26,885,165	26,675,165	26,016,118	659,047	—
Health Benefits	41,839,267	41,839,267	41,839,267	—	—
Workers' Compensation	1,750,000	1,750,000	1,738,790	11,210	—
Central Municipal Court:					
Salaries and Wages	818,098	815,098	811,538	3,560	—
Other Expenses	36,795	36,795	22,721	14,074	—
Salary Adjustment	100,000	1,000	—	1,000	—
Termination Pay					
Salaries and Wages	1,000,000	929,000	893,785	35,215	—
Matching Funds for Grants:					
Other Expenses	250,000	250,000	2,500	—	247,500
Out-of-Country College Reimbursement	140,000	140,000	48,931	91,069	—
Total Department of Administration and Finance	80,189,556	80,228,556	78,984,723	996,333	247,500
Department of Health					
Division of Public Health:					
Salaries and Wages	854,820	1,129,820	1,127,942	1,878	—
Other Expenses	603,550	577,550	498,911	78,639	—
Bergen County Health Care Center:					
Salaries and Wages	6,680,507	6,820,507	6,803,988	16,519	—
Other Expenses	2,749,166	2,809,166	2,751,068	58,098	—
Division of Mental Health:					
Salaries and Wages	132,974	134,974	134,881	93	—
Other Expenses	3,575	3,575	1,408	2,167	—
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	36,000	31,051	4,949	—
Shared Services Health Agreements:					
Salaries and Wages	1,865,802	1,865,802	1,865,802	—	—
Other Expenses	10,000	10,000	9,449	551	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Division of Animal Center:					
Salaries and Wages	\$ 1,309,143	1,229,143	1,215,990	13,153	—
Other Expenses	496,350	496,350	451,690	44,660	—
Total Department of Health	<u>16,324,648</u>	<u>16,695,648</u>	<u>16,467,441</u>	<u>228,207</u>	<u>—</u>
Department of Human Services:					
Division of Family Guidance:					
Salaries and Wages	4,433,158	4,328,158	4,320,366	7,792	—
Other Expenses	974,250	954,250	811,238	143,012	—
Division of Community Services:					
Salaries and Wages	1,531,489	1,739,489	1,609,141	130,348	—
Other Expenses	3,549,930	3,549,930	3,402,860	147,070	—
Division of Aging:					
Salaries and Wages	494,262	332,262	274,453	57,809	—
Other Expenses	1,061,762	1,061,762	974,798	86,964	—
Division of Youth and Family Services:					
Other Expenses - State Share	2,521,974	2,521,974	2,521,974	—	—
Total Department of Human Services	<u>14,566,825</u>	<u>14,487,825</u>	<u>13,914,830</u>	<u>572,995</u>	<u>—</u>
Department of Law:					
Salaries and Wages	1,451,279	1,515,279	1,512,488	2,791	—
Other Expenses	53,375	53,375	46,701	6,674	—
Mental Patients in State Institutions:					
DMH&H Costs - State Share - Prior Years	—	—	—	—	—
DMH&H Costs - County Share - Prior Years	—	—	—	—	—
Other Expenses - County Share	315,000	315,000	233,782	81,218	—
Mentally Retarded-DDD Costs - State Share	26,254,228	26,254,228	26,254,228	—	—
Mental Diseases-DMH&H Costs - State Share	7,861,657	7,861,657	7,861,657	—	—
Mental Diseases-DMH&H Costs - County Share	3,659,824	3,659,824	3,659,824	—	—
Mentally Retarded-DDD Costs - County Share	460,635	460,635	460,635	—	—
Total Department of Law	<u>40,055,998</u>	<u>40,119,998</u>	<u>40,029,315</u>	<u>90,683</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Department of Public Safety					
Division of Police:					
Salaries and Wages	\$ 13,769,553	13,999,553	13,954,760	44,793	—
Other Expenses	567,157	567,157	520,737	46,420	—
Division of Weight & Measures:					
Salaries and Wages	172,233	175,233	173,252	1,981	—
Other Expenses	4,123	4,123	3,154	969	—
Division of the Medical Examiner:					
Salaries and Wages	576,371	571,371	561,863	9,508	—
Other Expenses	319,700	324,700	321,645	3,055	—
Division of Emergency Management:					
Salaries and Wages	2,248,548	2,403,548	2,367,746	35,802	—
Other Expenses	1,573,599	1,725,599	1,694,290	31,309	—
Division of Law and Public safety:					
Salaries and Wages	1,439,359	1,457,359	1,444,867	12,492	—
Other Expenses	454,900	454,900	408,428	46,472	—
Total Department of Public Safety	<u>21,125,543</u>	<u>21,683,543</u>	<u>21,450,742</u>	<u>232,801</u>	<u>—</u>
Department of Public Works					
Division of General Services:					
Salaries and Wages	3,192,947	3,410,947	3,381,635	29,312	—
Other Expenses	10,105,200	9,144,700	8,483,197	661,503	—
Division of Administration:					
Salaries and Wages	701,826	714,826	714,014	812	—
Other Expenses	2,525	2,525	988	1,537	—
Division of Operations:					
Salaries and Wages	730,161	730,161	701,050	29,111	—
Other Expenses	2,868,927	2,868,927	2,243,456	625,471	—
Division of Engineering:					
Salaries and Wages	923,993	996,993	994,138	2,855	—
Other Expenses	64,700	64,700	41,769	22,931	—
Division of Mosquito Control:					
Salaries and Wages	1,083,268	1,122,268	1,110,059	12,209	—
Other Expenses	255,365	255,365	177,003	78,362	—
Total Department of Public Works	<u>19,928,912</u>	<u>19,311,412</u>	<u>17,847,309</u>	<u>1,464,103</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Department of Parks					
Division of cultural and Historic Affairs:					
Salaries and Wages	\$ 168,246	168,746	168,113	633	—
Other Expenses	36,325	36,325	35,895	430	—
Division of Parks & Recreation:					
Salaries and Wages	6,525,528	7,140,528	7,139,224	1,304	—
Other Expenses	2,951,100	3,101,100	2,973,518	127,582	—
Total Department of Parks	<u>9,681,199</u>	<u>10,446,699</u>	<u>10,316,750</u>	<u>129,949</u>	<u>—</u>
Department of Planning and Economic Development					
Division of Construction Board Appeals:					
Other Expenses	750	750	262	488	—
Division of Planning and Economic Development:					
Salaries and Wages	1,600,213	1,600,213	1,593,070	7,143	—
Other Expenses	70,246	70,246	70,155	91	—
Division of Transportation Planning:					
Other Expenses	181,000	1,000	—	1,000	—
Total Department of Planning and Economic Development	<u>1,852,209</u>	<u>1,672,209</u>	<u>1,663,487</u>	<u>8,722</u>	<u>—</u>
<i>Total Executive Branch</i>	<u>204,707,099</u>	<u>205,628,099</u>	<u>201,646,366</u>	<u>3,734,233</u>	<u>247,500</u>
<i>Educational Agencies</i>					
Office of the Superintendent of Schools:					
Salaries and Wages	360,016	354,016	350,739	3,277	—
Other Expenses	20,750	20,750	16,599	4,151	—
Bergen County Vocational Schools:					
Other Expenses	29,190,098	29,190,098	28,706,813	483,285	—
Bergen County Community College:					
Other Expenses	14,139,870	14,139,870	10,704,436	3,435,434	—
Bergen County Special Services School:					
Other Expenses	8,324,185	8,324,185	7,820,678	503,507	—
Total Educational Agencies	<u>52,034,919</u>	<u>52,028,919</u>	<u>47,599,265</u>	<u>4,429,654</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
<i>Constitutional Officers</i>					
Office of the County Surrogate:					
Salaries and Wages	\$ 1,451,883	1,451,883	1,413,720	38,163	—
Other Expenses	59,900	59,900	55,114	4,786	—
Office of the County Clerk:					
Salaries and Wages	2,444,210	2,444,210	2,382,673	61,537	—
Other Expenses	2,237,000	2,237,000	1,211,199	1,025,801	—
Office of the County Prosecutor:					
Salaries and Wages	26,775,524	26,625,524	26,241,759	383,765	—
Other Expenses	1,480,000	1,480,000	1,402,516	77,484	—
Office of the County Sheriff:					
Salaries and Wages	14,145,749	14,145,749	14,054,114	91,635	—
Other Expenses	447,500	447,500	424,846	22,654	—
Bureau of Identification - Sheriff					
Salaries and Wages	5,208,674	5,328,674	5,290,517	38,157	—
Other Expenses	112,800	112,800	89,201	23,599	—
County Jail - Sheriff					
Salaries and Wages	34,071,214	33,951,214	33,648,439	302,775	—
Other Expenses	6,190,399	6,190,399	5,441,537	748,862	—
<i>Total Constitutional Officers</i>	<u>94,624,853</u>	<u>94,474,853</u>	<u>91,655,635</u>	<u>2,819,218</u>	<u>—</u>
<i>Other Boards and Agencies</i>					
Board of Social Services-Welfare					
Administration-County Share	8,990,608	8,990,608	8,990,608	—	—
Temp. Assistance to Needy Families - County Share	724,672	724,672	590,000	134,672	—
Supplemental Security Income-State Share	1,549,203	1,549,203	1,430,000	119,203	—
Board of Taxation					
Salaries and Wages	505,113	505,113	498,476	6,637	—
Other Expenses	230	230	112	118	—
Board of Elections					
Salaries and Wages	354,733	443,733	443,148	585	—
Other Expenses	1,264,430	952,430	855,450	96,980	—
Superintendent of Elections					
Salaries and Wages	530,516	586,516	564,074	22,442	—
Other Expenses	263,550	343,550	340,174	3,376	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Commissioner of Registration					
Salaries and Wages	\$ 986,555	1,003,555	944,840	58,715	—
Other Expenses	162,000	162,000	150,480	11,520	—
<i>Total Other Boards and Agencies</i>	<u>15,331,610</u>	<u>15,261,610</u>	<u>14,807,362</u>	<u>454,248</u>	<u>—</u>
<i>Public and Private Programs</i>					
Area Plan Grant	6,237,765	6,237,765	6,237,765	—	—
Sexual Assault Nurse Examiner	73,000	73,000	73,000	—	—
County Environmental Health (01/01/11-12/31/11)	—	—	—	—	—
Unified Child Care (10/01/12-9/30/13)	1,562,658	1,562,658	1,562,658	—	—
Tuberculosis Control Program	20,000	20,000	20,000	—	—
Case Management Program	128,162	128,162	128,162	—	—
Bioterrorism Preparedness Program	388,942	388,942	388,942	—	—
VENTURE School Program	622,976	622,976	622,976	—	—
Unified Child Care (10/01/11-9/30/12)	1,678,756	1,678,756	1,678,756	—	—
Domestic Violence Response Coordinator	36,787	36,787	36,787	—	—
Aggressive Driving Enforcement	25,000	25,000	25,000	—	—
Victims of Crime Assistance (VOCA)	180,484	180,484	180,484	—	—
Early Intervention program	1,268,930	1,268,930	1,268,930	—	—
Kessler Post Stroke Grant	15,000	15,000	15,000	—	—
Work First NJ- Administration	114,461	114,461	114,461	—	—
Westvale Park Development	115,000	115,000	115,000	—	—
State/Community Partnership Program	850,429	850,429	850,429	—	—
Megan's Law Grant	14,138	14,138	14,138	—	—
2011 State Health Insurance Program	31,000	31,000	31,000	—	—
Sheriff IV-D Reimbursement	1,054,043	1,054,043	1,054,043	—	—
Local Arts Program	91,299	91,299	91,299	—	—
BC Comprehensive Community Project	65,000	65,000	65,000	—	—
Cancer Education / Early Detection	270,000	270,000	270,000	—	—
U.S. Marshall Task Force (10/04/11-09/30/12)	1,125	1,125	1,125	—	—
Personal Attendant Service -Hudson County	241,627	241,627	241,627	—	—
Children Interagency Coordinating Council	36,874	36,874	36,874	—	—
BC Comprehensive Community Project (10/01/11-09/30/12)	—	—	—	—	—
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	—	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
Crossroads & Detention Alternatives	\$ 168,083	168,083	168,083	—	—
Bergen County DRE Pilot Program	25,000	25,000	25,000	—	—
ADV-IOLTA Fund	21,280	21,280	21,280	—	—
Domestic Violence Victim Support	—	—	—	—	—
Comprehensive Cancer Control (7/1/11-6/30/12)	2,407	2,407	2,407	—	—
Human Service Advisory Council	66,073	66,073	66,073	—	—
County Comprehensive Alcohol and Drug Program	1,089,033	1,089,033	1,089,033	—	—
Bioterrorism Preparedness program (08/10/10-08/09/11)	—	—	—	—	—
Sub regional transportation planning	177,917	177,917	177,917	—	—
Homeless	599,421	599,421	599,421	—	—
U.S. Marshall - Vehicle retrofit/Maintenance	—	—	—	—	—
Municipal Alliance Program	875,974	875,974	875,974	—	—
Veterans Transportation (07/01/11 - 06/30/12)	11,500	11,500	11,500	—	—
Senior Citizen and Disabled Resident Trans	1,912,365	1,912,365	1,912,365	—	—
Job Access - Reverse Commute- (7/1/12-6/30/13)	190,000	190,000	190,000	—	—
Non Public School Health Program	94,153	94,153	94,153	—	—
Clean Community Program	114,416	114,416	114,416	—	—
Mental Health Board administration	12,000	12,000	12,000	—	—
Disabled Meals On Wheels	65,472	65,472	65,472	—	—
County Wide Respite Care Program	563,227	563,227	563,227	—	—
Personal Attendant Services	750,486	750,486	750,486	—	—
Medicaid Peer Grouping	1,900,034	1,900,034	1,900,034	—	—
Veteran's transportation (07/01/12-06/30/13)	26,000	26,000	26,000	—	—
Gang, Gun & Narcotics Task Force	71,585	71,585	71,585	—	—
Juvenile Accountability incentive Grant	44,693	44,693	44,693	—	—
Mental Health Law Project	246,898	246,898	246,898	—	—
Work First NJ DOL Administration	40,000	40,000	40,000	—	—
Work First NJ DOL Administration	40,000	40,000	40,000	—	—
Spring House for Women	61,185	61,185	61,185	—	—
Homeland security program	640,471	640,471	640,471	—	—
Innovation program	125,200	125,200	125,200	—	—
Prosecutor's Body Armor Replacement grant	10,725	10,725	10,725	—	—
County Police body Armor Replacement Grant	8,339	8,339	8,339	—	—
Bus Rapid Transit Plan	300,000	300,000	300,000	—	—
2012 Homeland Security	335,204	335,204	335,204	—	—
Disabled Recreation Opportunities	15,000	15,000	15,000	—	—

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
HUD Homeless Management System	\$ 85,900	85,900	85,900	—	—
HUD Supportive Housing program	93,068	93,068	93,068	—	—
Seniors Farmers Market Nutrition	2,000	2,000	2,000	—	—
TriBoro Shuttle Service	150,000	150,000	150,000	—	—
Comprehensive Cancer Control (7/1/12-6/30/13)	132,763	132,763	132,763	—	—
Drunk Driving Enforcement	21,262	21,262	21,262	—	—
Emergency Management Funding	120,000	120,000	120,000	—	—
Domestic Violence Intervention Services	441,913	441,913	441,913	—	—
State Criminal Alien Assistance	85,378	85,378	85,378	—	—
State Criminal Alien Assistance	432,540	432,540	432,540	—	—
Shelter Support Grant	301,924	301,924	301,924	—	—
Tuberculosis Control Program (7/1/12-6/30/12)	223,658	223,658	223,658	—	—
Jobs Access/ Reverse Commute- (1/1/12-12/31-13)	60,000	60,000	60,000	—	—
Special Child Health Care	9,085	9,085	9,085	—	—
Hmis-Cd Homeless management information	21,475	21,475	21,475	—	—
Election Assistance Program	12,849	12,849	12,849	—	—
NJ Historical Commission Operating Grant	20,714	20,714	20,714	—	—
Sheriff's Body Armor Replacement program	38,247	38,247	38,247	—	—
Susan G Kormen - Client transportation	4,312	4,312	4,312	—	—
Sub regional Internship Program	15,000	15,000	15,000	—	—
County Environmental Health Program (07/1/12-6/30/13)	249,331	249,331	249,331	—	—
Personal Attendant Services -Camden County	41,202	41,202	41,202	—	—
New freedom Mobilty Management	80,000	80,000	80,000	—	—
Community Emergency Response Team	2,500	2,500	2,500	—	—
UASI - Security Initiative	298,000	298,000	298,000	—	—
UASI - EOC Enhancement	300,000	300,000	300,000	—	—
USAI - INVESTMENT Project	345,000	345,000	345,000	—	—
<i>Total Public and Private Programs</i>	<u>29,477,581</u>	<u>29,477,581</u>	<u>29,477,581</u>	<u>—</u>	<u>—</u>
TOTAL	<u>397,426,491</u>	<u>398,076,491</u>	<u>386,372,924</u>	<u>11,456,067</u>	<u>247,500</u>
Detail:					
Salaries and Wages	147,219,248	148,698,748	147,177,197	1,521,551	—
Other Expenses (Including contingent)	<u>250,207,243</u>	<u>249,377,743</u>	<u>239,195,727</u>	<u>9,934,516</u>	<u>247,500</u>
Capital Improvements					
Capital Improvement Fund	725,000	725,000	725,000	—	—
Acquisition of Office Equipment	<u>100,000</u>	<u>100,000</u>	<u>48,127</u>	<u>51,873</u>	<u>—</u>
Total Capital Improvements	<u>825,000</u>	<u>825,000</u>	<u>773,127</u>	<u>51,873</u>	<u>—</u>

(continued)

COUNTY OF BERGEN

Statement of Expenditures

Current Fund

Year Ended December 31, 2012

	Appropriations		Expended		
	Budget	Budget after modification	Paid or Charged	Reserved	Canceled
County Debt Service					
Payment of Bond principal:					
State Aid-County College Bonds	\$ 2,685,000	2,685,000	2,685,000	—	—
Vocational School Bonds	4,998,000	4,998,000	4,770,000	—	228,000
Other Bonds	30,118,976	30,118,976	29,934,000	—	184,976
Interest on Bonds:					
State Aid-County College Bonds	847,050	847,050	733,077	—	113,973
Vocational School Bonds	2,261,321	2,261,321	2,213,514	—	47,807
Other Bonds	21,926,688	21,926,688	20,011,559	—	1,915,129
Other Bonds					
Interest on Notes	750,000	750,000	100,769	—	649,231
Green Trust Program:					
Loan Repayments for Principal and Interest	500,000	500,000	314,191	—	185,809
Total County Debt Service	<u>64,087,035</u>	<u>64,087,035</u>	<u>60,762,110</u>	<u>—</u>	<u>3,324,925</u>
Public Employees' Retirement System	9,300,000	9,300,000	9,286,829	13,171	—
Social Security System (O.A.S.I.)	11,915,908	11,265,908	11,150,806	115,102	—
Unemployment compensation insurance-(NJSA 43:21-3)	650,000	650,000	650,000	—	—
Police and Firemen's Retirement System	15,500,000	15,500,000	15,444,836	55,164	—
Define Contribution retirement Program (DCRP)	40,000	40,000	27,377	12,623	—
Total Statutory Expenditures	<u>37,405,908</u>	<u>36,755,908</u>	<u>36,559,848</u>	<u>196,060</u>	<u>—</u>
Total General Appropriations	<u>\$ 499,744,434</u>	<u>499,744,434</u>	<u>484,468,009</u>	<u>11,704,000</u>	<u>\$ 3,572,425</u>
Adopted Budget		\$ 486,989,311	\$ 398,347,931		Cash Disbursed
Added by N.J.S.A. 40A:4-87		<u>12,755,123</u>			Transferred from Regular Trust Fund
Modified Budget		<u>\$ 499,744,434</u>	(4,050,000)		Motor Vehicle Fines
			8,687,100		Encumbrances
			51,280,397		Self Insurance Trust Fund
			725,000		Capital Fund Appropriations
			\$ <u>29,477,581</u>		Res. for Federal and State Grants
			<u>484,468,009</u>		

See accompanying notes to financial statements.

COUNTY OF BERGEN

Balance Sheet

Trust Funds

December 31, 2012 and 2011

Assets	Ref.	2012	2011
Regular Trust Fund:			
Cash	B-1	\$ 81,549,189	91,775,253
Accounts Receivable	B-2	9,646	26,025
Due from Community Development Trust Fund	B-23	<u>22,500</u>	<u>22,500</u>
		<u>81,581,335</u>	<u>91,823,778</u>
Self-Insurance Trust Fund:			
Cash	B-1	6,101,705	3,904,810
Due from Current Fund	B-12	<u>—</u>	<u>927,405</u>
		<u>6,101,705</u>	<u>4,832,215</u>
Community Development Trust Fund			
Cash	B-1	2,058,532	1,813,718
Due from US Department of Housing & Urban Development - Letters of Credit	B-13	26,629,647	32,508,336
HOME Improvement Program Mortgage Receivable	Contra	9,630,788	9,681,211
Small Business Loans	Contra	203,743	215,773
HOME Investment Mortgages	Contra	9,218,254	9,218,254
American Dream Mortgages	Contra	16,819,754	15,657,801
Principal on American Dream Mortgages	Contra	113,500	113,500
Accounts Receivable - Recover Fees - Court Order	B-15	<u>9,850</u>	<u>9,850</u>
		<u>64,684,068</u>	<u>69,218,443</u>
		<u>\$ 152,367,108</u>	<u>165,874,436</u>
Liabilities and Reserves			
Regular Trust Fund:			
Reserve for Dedicated Revenue:			
Motor Vehicle Fines and Road Openings	B-3	\$ 3,954,894	3,753,716
Weight and Measures	B-5	358,592	377,599
Miscellaneous Trust Accounts	B-6	14,235,857	12,920,161
Reserve for Encumbrances	B-9	712,417	451,348
Contracts Payable	B-10	45,865,607	43,108,532
Road Permit Deposits	B-4	400,290	350,750
Open Space Trust Fund	B-7	2,015,015	7,152,675
Prosecutor's Trust Funds	B-8	<u>14,038,663</u>	<u>23,708,997</u>
		<u>81,581,335</u>	<u>91,823,778</u>
Self-Insurance Trust Fund:			
Reserve for Self-Insurance Trust Fund	B-11	5,976,996	4,684,850
Contracts Payable	B-11	<u>124,709</u>	<u>147,365</u>
		<u>6,101,705</u>	<u>4,832,215</u>
Community Development Trust Fund:			
Reserve for Expenditures	B-14	22,901,149	28,073,606
HOME Improvement Mortgages - Principal	B-16	1,884,024	2,553,978
HOME Improvement Mortgages - Interest	B-17	2,126,167	1,975,776
Due to Regular Trust Fund		22,500	22,500
Reserve for:			
HOME Improvement Program Mortgages Receivable	Contra	9,630,788	9,681,211
Small Business Loans	Contra	203,743	215,773
HOME Investment Mortgages	Contra	9,218,254	9,218,254
American Dream Mortgages	Contra	16,819,754	15,657,801
Principal on American Dream Mortgages	Contra	113,500	113,500
Program Income	B-18	1,061,197	1,151,473
Small Business Loans - Application Fees	B-19	100	100
Small Business Loans - Principal	B-20	483,054	471,663
Small Business Loans - Interest	B-21	49,365	48,903
Interest on HOME Improvement Mortgage Investments	B-22	34,032	33,905
First Time Home Buyer Down Payment Act		<u>136,441</u>	<u>—</u>
		<u>64,684,068</u>	<u>69,218,443</u>
		<u>\$ 152,367,108</u>	<u>165,874,436</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Balance Sheet

General Capital Fund

December 31, 2012 and 2011

Assets	Ref.	2012	2011
Cash	C-2,C-3	\$ 37,064,073	27,338,906
Infrastructure Trust Loan Receivable	C-14	170,639	873,351
NJ DOT Receivable	C-11	500,000	8,103,000
Deferred charges to future taxation unfunded	C-7	313,319,369	248,239,891
Deferred charges to future taxation funded	C-5	515,522,564	493,926,943
		<u>829,512,572</u>	<u>751,143,185</u>
		<u>\$ 866,576,645</u>	<u>778,482,091</u>
Liabilities, Reserves and Fund Balance			
Encumbrances payable	C-4, C-8	\$ 64,573,607	60,938,047
Improvement authorizations:			
Funded	C-8	34,136,672	36,291,267
Unfunded	C-8	251,199,651	186,159,712
Reserve for Arbitrage Rebate	C-13	89,032	330,247
Reserve for Preliminary Costs	C-15	1,434	1,434
General Serial Bonds	C-9	509,252,000	486,681,000
Green Trust Loan	C-12	1,061,998	1,350,613
Environmental Infrastructure Trust Loan Payable	C-16	5,208,566	5,895,330
Capital Improvement Fund	C-6	114,425	165,425
Fund balance	C-1	<u>939,260</u>	<u>669,016</u>
		<u>\$ 866,576,645</u>	<u>778,482,091</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 of \$313,319,369 and \$248,239,891 respectively (Exhibit C-10).

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of Fund Balance

General Capital Fund

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Balance, Beginning of year	\$ 669,016	2,150,404
Increased by:		
Premium on sale of bonds	74,390	107,531
Improvement authorizations canceled	—	65,230
Outside funding for bonded projects	855,854	445,851
	<u>930,244</u>	<u>618,612</u>
	1,599,260	2,769,016
Decreased by budget appropriation	<u>660,000</u>	<u>2,100,000</u>
Balance, End of year	<u>\$ 939,260</u>	<u>669,016</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Statement of General Fixed Assets

General Fixed Asset Account Group

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 525,654,588	523,807,509
Improvements	291,144,118	291,199,118
Equipment	<u>99,168,138</u>	<u>91,453,399</u>
Total fixed assets	<u>\$ 915,966,844</u>	<u>906,460,026</u>

See accompanying notes to financial statements.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

(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

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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

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- 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

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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 (49%), Collateralized Repurchase Agreements (43%). 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 Municipal 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, 2012 various general serial bond debt issues. The following table is a summary of the activity for such debt during the year ended December 31, 2012 and the short term liability for each issue:

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Summary of General Serial Bonds Activities

Description	Balance December 31, 2011	Increase	Decrease	Balance December 31, 2012	Principal Due by December 31, 2013
BCIA Governmental Loan Revenue Bonds					
Issued 03/15/2002	\$ 510,000	—	510,000	—	—
General Improvement Bonds					
Issued 04/01/2002	3,005,000	—	3,005,000	—	—
College Bonds					
Issued 04/01/2002	305,000	—	305,000	—	—
School Bonds					
Issued 04/01/2002	238,000	—	238,000	—	—
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	10,259,000	—	9,664,000	595,000	595,000
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	959,000	—	916,000	43,000	43,000
BCIA Governmental Loan Revenue Bonds					
Taxable Series 2003A, Issued 03/15/2003	1,311,000	—	1,062,000	249,000	249,000
General Improvement Bonds					
Issued 09/01/2003	22,581,000	—	19,431,000	3,150,000	3,150,000
School Bonds					
Issued 09/01/2003	3,364,000	—	2,889,000	475,000	475,000
College Bonds					
Issued 09/01/2003	108,000	—	50,000	58,000	58,000
General Obligation Refunding Bonds					
Issued 10/01/2003	6,150,000	—	1,575,000	4,575,000	1,550,000
School Bonds					
Issued 10/15/2004	7,750,000	—	1,600,000	6,150,000	1,575,000
General Improvement Bonds					
Issued 10/15/2004	21,111,000	—	1,700,000	19,411,000	2,000,000
School Bonds					
Issued 10/15/2004	9,200,000	—	800,000	8,400,000	900,000
County College Bonds					
Issued 10/15/2004	3,049,500	—	385,000	2,664,500	385,000
County College Bonds (County College Bond Act, P.L. 1971, c72) Issued 10/15/2004	3,049,500	—	385,000	2,664,500	385,000
General Improvement Bonds					
Issued 11/15/2005	32,095,000	—	2,750,000	29,345,000	3,100,000
Special Services/Vocational School Bonds					
NJ School Bond Reserve Act	2,500,000	—	550,000	1,950,000	600,000
General Improvement Bonds					
Issued 10/15/2006	32,449,000	—	2,000,000	30,449,000	2,250,000
Special Services/Vocational School Bonds					
NJ School Bond Reserve Act	6,701,000	—	550,000	6,151,000	575,000
General Improvement Bonds					
Issued 10/15/2007	37,905,000	—	2,400,000	35,505,000	2,600,000
Special Services/Vocational School Bonds					
Issued 10/15/2007	8,030,000	—	585,000	7,445,000	610,000
County College Bonds					
Issued 10/15/2007	4,385,000	—	450,000	3,935,000	475,000
State Aid County College Bonds					
Issued 10/15/2007	4,385,000	—	450,000	3,935,000	475,000
Mini Bonds					
Issued 12/21/2007	650,000	—	—	650,000	—

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Notes to Financial Statements

December 31, 2012

Summary of General Serial Bonds Activities (continued)					
Description	Balance December 31, 2011	Increase	Decrease	Balance December 31, 2012	Principal Due by December 31, 2013
General Obligation Bonds					
Issued 11/01/2008	41,583,000	—	2,750,000	38,833,000	2,800,000
School Bonds					
Issued 11/01/2008	15,712,000	—	1,050,000	14,662,000	1,150,000
County College Bonds					
Issued 11/01/2008	2,425,000	—	230,000	2,195,000	240,000
State Aid County College Bond					
Issued 11/01/2008	2,425,000	—	230,000	2,195,000	240,000
Hospital Bonds					
Issued 11/01/2008	11,001,000	—	775,000	10,226,000	800,000
Mini Bonds					
Issued 12/12/2008	610,000	—	—	610,000	—
General Improvement Bonds					
Issued 11/01/09	74,802,000	—	3,050,000	71,752,000	3,300,000
Special Services Vocation School Bonds					
Issued 11/01/2009	5,823,000	—	300,000	5,523,000	325,000
Hospital Bonds					
Issued 11/01/09	3,893,000	—	225,000	3,668,000	235,000
General Improvement Bonds					
Issued 11/01/2010	45,565,000	—	1,900,000	43,665,000	2,100,000
Vocational School Bonds					
Issued 11/01/2010	4,857,000	—	300,000	4,557,000	310,000
County College Bonds					
Issued 11/01/2010	1,082,000	—	100,000	982,000	105,000
State Aid County College Bonds					
Issued 11/01/2010	1,081,000	—	100,000	981,000	105,000
County Taxable Bonds, Series B					
Issued 11/01/2010	13,117,000	—	1,270,000	11,847,000	1,370,000
General Improvement Bonds					
Issued 12/01/2011	43,048,000	—	1,600,000	41,448,000	1,600,000
School Bonds					
Issued 12/01/2011	3,025,000	—	15,000	2,875,000	150,000
County Taxable Bonds					
Issued 12/01/2011	2,332,000	—	300,000	2,032,000	300,000
General Improvement Refunding					
Issued June 5, 2012	—	15,830,000	60,000	15,770,000	—
Vocational Schools Refunding					
Issued June 5, 2012	—	2,330,000	10,000	2,320,000	—
Vocational Schools					
Issued Dec. 1, 2012	—	10,000,000	—	10,000,000	600,000
General Improvement					
Issued Dec. 1, 2012	—	35,800,000	—	35,800,000	1,500,000
County Taxable Bonds					
Issued Dec. 1, 2012	—	5,600,000	—	5,600,000	400,000
County College Bonds					
Issued June 15, 2012	—	4,250,000	—	4,250,000	350,000
State Aid County College Bonds					
June 15, 2012	—	4,250,000	—	4,250,000	350,000
BCIA Government Loans Taxable					
May 1, 2012	—	9,744,000	—	9,744,000	179,000
BCIA Government Loans Taxable					
Vocational Schools					
Issued May 1, 2012	—	876,000	—	876,000	25,000
BCIA Government Loans Taxable					
BD of Social Services					
Issued May 1, 2012	—	941,000	—	941,000	15,000
	\$ 486,681,000	89,621,000	67,050,000	509,252,000	39,024,000

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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, 2012</u>			
<u>Year Ending</u> <u>December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 56,282,148	\$ 39,024,000	\$ 17,258,148
2014	56,605,966	40,791,000	15,814,966
2015	57,266,095	42,605,000	14,661,095
2016	57,604,372	44,338,000	13,266,372
2017	58,218,329	46,100,000	12,118,329
2018-2022	236,432,650	200,474,000	35,958,650
2023-2027	101,027,273	92,872,000	8,155,273
2028	3,147,060	3,048,000	99,060
	<u>\$ 626,583,893</u>	<u>\$ 509,252,000</u>	<u>\$ 117,331,893</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 .46%. The Equalized Valuation Basis on the County at December 31, 2012 is \$169,600,390,461.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Green Trust and Environmental Loans	\$ 6,270,564	\$ —	\$ 6,270,564
Serial and Term Bonds	509,252,000	42,051,000	467,201,000
Authorized but not Issued - General Bonds and Notes	313,319,369	—	313,319,369
Bonds Issued and Authorized but Not Issued by Another Public Entity			
- Guaranteed by the County	447,988,000	447,988,000	—
	<u>\$ 1,276,829,933</u>	<u>\$ 490,039,000</u>	<u>\$ 786,790,933</u>

Net Debt of \$786,791,933 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$169,600,390,461 equals .46%.

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

2% of Equalized Valuation Basis	\$ 3,392,007,809
Net Debt	786,791,933
Excess Borrowing Power	2,605,215,876

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 \$288,615 in principal and \$25,576 in interest were made during the year ended December 31,

COUNTY OF BERGEN

Notes to Financial Statements

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2012. The outstanding balance at December 31, 2012 and 2011 is \$1,061,998 and \$1,350,613, respectively. Payments due within the year ended December 31, 2013 total \$314,191 of which \$294,416 is principal and \$19,775 is interest.

<u>Year Ending December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 314,191	294,416	19,775
2014	314,191	300,334	13,857
2015	314,191	306,370	7,821
2016	162,541	160,878	1,663
	<u>\$ 1,105,114</u>	<u>1,061,998</u>	<u>43,116</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 \$136,390 in interest and \$215,000 in principal were made during the year ended December 31, 2012. The outstanding balance at December 31, 2012 and 2011 is \$2,835,000 and \$3,060,000, respectively. Payments due within one year, or during the fiscal year ended December 31, 2013, and total \$358,740 of which \$230,000 is principal and \$128,740 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 \$257,976 in principal were made during the year ended December 31, 2012. The outstanding balance at December 31, 2012 and 2011 is \$2,373,566 and \$2,835,330, respectively. Payments due within one year, or during the fiscal year ended December 31, 2012 total \$256,084, which consists entirely of principal.

<u>Year Ending December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 614,824	486,084	128,740
2014	618,166	497,476	120,690
2015	620,497	508,447	112,050
2016	616,212	516,662	99,550
2017	618,890	533,090	85,800
2018-2022	2,967,557	2,666,807	300,750
	<u>\$ 6,056,146</u>	<u>5,208,566</u>	<u>847,580</u>

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(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.

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, 2012 and 2011 were 6.64% and 5.5% of their base wages, each

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year. Contributions made by employees in PFRS for the years ended December 31, 2012 and 2011 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:

<u>Year Ended</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
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

In March 2003, the County, through its Improvement Authority, issued \$15,799,000 in County Guaranteed Governmental Loan Revenue Bonds, Taxable to retire the present value of the unfunded accrued liability for early retirement system incentive benefits previously granted to the State. The Bonds were made up of \$11,894,000 for the County, \$1,054,000 for the Board of Social Services and \$2,851,000 for the Vocational School. The 2003 Bonds were refunded in 2012 to reduce the interest rate on the outstanding debt. For the years ended December 31, 2012 and 2011, the payable amount of these bonds combined was \$11,561,000 and \$12,529,000, respectively.

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.

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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.

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.

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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.
- 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 2011, The County has authorized but not issued Bonds and Notes of \$313,319,369 and \$248,239,887 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, 2012

Beginning <u>Balance</u>	2012 <u>Authorizations</u>	2012 <u>Debt Issues</u>	Other <u>Reductions</u>	Ending <u>Balance</u>
<u>\$248,239,889</u>	<u>\$159,010,000</u>	<u>\$89,621,000</u>	<u>\$4,717,098</u>	<u>\$313,319,367</u>

(5) Fund Balances Appropriated

Fund Balances at December 31, 2012 and 2011 which were appropriated and included in 2013 and 2012 County budgets were \$18,000,000 and \$18,325,000 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.

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(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 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 2011 was \$12,770,959 and \$12,726,482, 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 2011 was \$7,206,135 and \$7,019,865, 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.

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Notes to Financial Statements

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(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:

Shirley Williams v. County of Bergen, et al.

This matter is venued in the United States District Court and was served on February 22, 2013. This is a claim by the mother of Malik Williams, decedent, 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 City of Garfield Police Department. This matter is in the very early stages of discovery with answers to the complaints being recently filed. The notice of Claim that was filed references a claim for damages in the amount of one hundred fifty million dollars for civil rights violations.

Miltner/Auriemma v. The County of Bergen

This matter is venued in the Superior Court of New Jersey, Bergen County. This is a claim by two (2) former employees of the Department of Human Services who allege that they were harassed by a fellow employee who is no longer employed by the County of Bergen. Ms. Miltner is deceased and Ms. Auriemma is no longer employed by the County. To date, a settlement demand has only been made by Ms. Miltner in the amount of \$900,000.00. This matter is also being handled by outside counsel and discover is ongoing.

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.

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Borough of Paramus v. County of Bergen, Bergen County Improvement Authority, Solomon Health Group, L.L.C., and Bergen Regional Medical Center, L.P.

Docket No. 011397-2008, Tax Court of New Jersey, Docket No. 000531-2009, Docket No. 000623-2010 and Docket No. 001563-2011

The principal issue in this case requires a determination by the Court as to whether certain real property, Lot 1 in Block 6402 on the Tax Assessment Map of the Borough of Paramus, the 62.88 campus of Bergen Regional Medical Center which is owned by the County (whose property is tax exempt), which was leased by defendant County to defendant BCIA (whose property is tax exempt), and which was in turn subleased by defendant BCIA to defendant Solomon Health Group, L.L.C. ("Solomon") and its successor in interest, defendant Bergen Regional Medical Center, L.P. ("BRMCLP") (which latter are for-profit entities and whose properties are not tax exempt), continues to be exempt from taxation under New Jersey law. Section 2.4(e) of the Lease and Operating Agreement between the Authority, as lessor, and Manager, as lessee, provides that in the event the real property being managed by Bergen Regional Medical Center (which was formerly known as Bergen Pines) becomes subject to taxation, the management fee payable by the Authority shall be increased by the amount of such tax.

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 2011 was \$358,524,718 and \$351,980,788, 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 2011 are \$28,245,654 and \$23,275,783, 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

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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, 2011 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 2011, none of the County’s bank balances of \$185,424,883 and 178,368,978, respectively, was exposed to custodial credit risk.

As of December 31, 2012 and 2011, the County’s deposits are summarized as follows:

	2012	2011
Insured – FDIC	\$ 2,500,000	\$ 2,575,878
Insured – GUDPA	172,500,706	168,447,191
NJARM	10,424,176	7,345,909
	<u>\$ 185,424,883</u>	<u>\$ 178,368,978</u>

Investments

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

- 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.

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- 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 preceding 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, 2012 consisted primarily of U.S. Government and Agency Obligations (49%), Collateralized Repurchase Agreements (43%). 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 types 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 2011, the County has a balance of \$10,424,176 and \$7,345,909, respectively, in the NJARM program.

As of December 31, 2012 and 2011, 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.

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(15) Interfund Balances and Activities

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 2011 was \$453,720 and \$494,963, respectively.

(17) Contracts Payable

Current Fund contracts payable balance for 2012 and 2011 in the amount of \$6,338,507 and \$3,811,192, 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 2011 the reserve was \$89,032 and \$330,247, 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 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

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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. 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%.

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(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.

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

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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 at 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:

- (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));

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- (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 Manger (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 Manger 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.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

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 an 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 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."

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

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.

(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.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

(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 2011, the County has expended a total of \$69,594,175 and \$ 67,642,337 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:

<u>December 31,</u>	<u>Interest Earnings/County or Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 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

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

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 premium-free benefits as of December 31, 2011, the effective date of the biannual Other Post-Employment Benefit, herein referred to as "OPEB", valuation is 1,192. Of these 659, retirees retain dependent or spousal coverage. Active employees number 2,065 as of the same 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 is \$414,292,000, and for current active employees is \$265,008,000, for a total accrued liability (unfunded) of \$679,300,000 as of December 31, 2011.

Summary of Valuation Results – December 31, 2011 – Per Actuarial Valuation (in thousands)

	<u>Medical</u>	<u>Prescription Drug</u>	<u>Medicare Part B Reimbursement</u>	<u>Total</u>
Actuarial Accrued Liability				
Retiree	\$185,349	\$198,206	\$30,737	\$414,292
Active	118,775	126,876	19,357	265,008
Total	304,124	325,082	50,094	679,300
Unfunded Actuarial Accrued Liability*				683,078
Normal Cost	7,579	7,943	1,201	16,723
Discount Rate				4.50%

*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.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

For the fiscal years ended December 31, 2010 and 2011, the County's Annual OPEB cost was \$48,038,000 and \$54,873,000, respectively, while its Annual Required Contribution for the years ended December 31, 2010 and 2011 were \$48,846,000 and \$56,852,000, respectively. After taking into consideration the County contribution, as determined by the actuarial valuation, of \$18,819,000 and \$20,050,000 (as adjusted by actuarial update), respectively, for the years ended December 31, 2010 and 2011, the net OPEB obligation increased \$29,219,000 and \$36,184,000 Respectively, during the year ended December 31, 2010 and 2011, resulting in Net OPEB obligations of \$119,333,000 and \$155,817,000, respectively, as of December 31, 2010 and 2011.

The following table utilizes the actuarially determined contribution for the year ended December 31, 2011 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	2010
Normal Cost with Interest	\$	16,723,000	\$ 15,257,000
Amortization of Unfunded Actuarial Accrued Liability over 30 Years		40,129,000	33,589,000
Annual Required Contribution		56,852,000	48,846,000
Interest on Net OPEB Obligation		5,431,000	2,687,000
Adjustments to Annual Required Contribution		(7,410,000)	(3,495,000)
Annual OPEB Cost		54,873,000	48,038,000
Actuarial Contribution Determination (as updated)		20,050,000	18,819,000
Increase in Net OPEB Obligation		36,184,000	29,219,000
Net OPEB Obligation, End of Year		155,517,000	119,333,000

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.

The actuarial valuation projected cash costs totaling \$303,914,000 through the year 2021 for current and future retiree medical benefits as follows:

Year		Amount	Year	Amount
2012	\$	23,590,000	2013	\$ 25,286,000
2014		26,733,000	2015	28,182,000
2016		29,721,000	2017	31,484,000
2018		32,828,000	2019	34,236,000
2020		35,310,000	2021	36,544,000

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.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

Economic assumptions include the discount rate, or rate of return on investments, and health care cost trend rates and account for changes in the costs of benefits over time and the time value of money. The actuarial valuation assumes the County will continue to pay for benefits on a pay-as-you-go basis and continue to not fund the plan, therefore the discount rate used, 4.50% , is based on the rate of return of the County's assets, since there are no plan assets. Health care trend rates through the year 2023 and later assumed are: increases in costs of traditional benefit plans ranging from 5.0% to 9.0%, prescription drug plan increases ranging from 5.0% to 10.0% and Medicare Part B cost increases of 5.0%.

Regarding medical benefit assumptions, the County's actuarial valuation elected to use age-banded incurred claims costs based on the claims costs used by the New Jersey State Health Benefits Program since the Traditional Indemnity Plan which primarily covers County retirees is similar in design to the State Health Benefits Traditional Plan. However, there were adjustments to reflect County medical and prescription drug claims experience and demographics. In addition, surviving spouses and direct-bill employees identified under 'plan description' above contribute 100% of the medical coverage cost and therefore, it was concluded by the actuary these groups have no direct or implicit subsidy which is required to be considered in measuring the County's post-employment benefit liabilities.

Demographic assumptions include the following rates: mortality, retirement, withdrawal, disability, participation, dependent coverage and expense. Of these, factors to note are participation rates are assumed at 100% of future retirees and 60% of eligible retirees assumed to have spousal coverage.

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 2011, the fund had a balance of \$44,457,271 and \$47,307,273, respectively.

Included in the balance as of December 31, 2012 and 2011, is \$42,424,641 and \$40,180,623 in contracts payable set aside for various municipalities in the County.

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

(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). 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

COUNTY OF BERGEN

Notes to Financial Statements

December 31, 2012

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 May 7, 2013, the County sold \$39,285,000 of General Improvement Refunding Bonds of 2013, Series A to advance refund \$15,211,000 General Improvement Bond of 2004 maturing in the years 2015 through 2019; \$6,500,000 Special Services/ Vocational School Bonds of 2004 maturing in the years 2015 through 2019; and \$18,545,000 general Improvement Bonds of 2005 maturing in the years 2016 through 2019 . The refunding resulted in a \$2,485,538 total reduction in debt service for the years 2013 through 2019.

On June 1, 2013 the County issued \$1,500,000 of College Bonds pursuant to the County College Bond Act of P.L. 1971. C12. The bonds mature on June 1, 2014 through 2018 with interest rates ranging from 1.0% to 2.00%.

(28) Fixed Assets

The following is a summary of the General Fixed Assets as of December 31, 2012 and 2011

	Balance			Balance
	Dec 31, 2011	Additions	Dispositions	Dec. 31, 2012
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>

	Balance			Balance
	Dec 31, 2010	Additions	Dispositions	Dec. 31, 2011
Land	\$ 523,807,509	—	—	523,807,509
Buildings	291,199,118	—	—	291,199,118
Machinery and Equipment	90,107,740	1,352,659	—	91,453,399
	<u>905,107,367</u>	<u>1,352,659</u>	<u>—</u>	<u>906,460,026</u>

Appendix B

Selected Financial Information for the Years Ended December 31, 2008-2012

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COUNTY OF BERGEN

CONDENSED COMPARATIVE BALANCE SHEETS
CURRENT FUND

		DECEMBER 31,				
<u>ASSETS</u>		2012	2011	2010	2009	2008
Cash and Cash Equivalents	\$	58,652,611	53,536,293	52,662,763	53,972,527	50,407,518
Imprest and Change Funds		2,470	1,470	1,470	1,160	1,160
		58,655,081	53,537,763	52,664,233	53,973,687	50,408,678
Receivables with Full Reserves:						
Added and Omitted Taxes		690,075	586,864	1,054,522	1,096,266	1,591,232
Sundry and Mortgage Receivables		21,556	19,521	15,838	15,167	38,111
Due from Grant Fund		571,397				
Bergen Pines Accounts Receivable		27,134,945	30,634,437	31,133,239	31,624,445	32,016,154
		28,417,973	31,240,822	32,203,599	32,735,878	33,645,497
		87,073,054	84,778,585	84,867,832	86,709,555	84,054,175
Federal and State Grant Fund:						
Due from Current Fund		0	1,046,308	947,298	2,407,844	2,043,400
Federal and State Grants Receivable	\$	21,490,551	24,936,931	35,104,418	28,494,752	29,955,607
		108,563,605	110,761,824	120,919,548	117,612,161	116,053,182
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>						
Liabilities:						
Appropriation Reserves	\$	11,704,000	8,775,799	9,976,663	10,372,325	8,492,826
Contracts Payable		6,338,507	3,811,192	3,262,826	1,546,424	2,931,819
Miscellaneous Liabilities		1,693,808	2,757,384	3,074,859	3,773,007	3,488,271
Encumbrances Payable		8,687,100	9,251,534	9,494,148	11,209,004	9,404,294
Reserve for Grants-Unappropriated		94,012	825,389	70,047	27,902	75,994
Deferred Revenue		80,241	37,727	104,131	106,293	180,921
Due to Federal and State Grant Fund		0	1,046,308	947,298	2,407,844	2,043,400
Reserve for Bergen County Utilities Authority		28,597,668	26,505,332	26,929,972	29,442,799	26,617,525
Reserve for Receivables		28,417,973	31,240,822	32,203,599	32,735,878	33,640,722
Reserve for Bergen Pines Refunds		30,057,413	27,032,431	25,734,261	24,530,888	23,795,928
Fund Balance		87,073,054	84,778,585	84,867,832	86,709,565	84,054,175
Federal and State Grant Fund:						
Encumbrances Payable		6,329,567	9,814,027	7,492,187	5,467,550	7,124,046
Reserve for Federal and State Grants		14,589,587	16,169,212	28,559,529	25,435,046	24,874,961
Due to Current Fund		571,397				
		21,490,551	25,983,239	36,051,716	30,902,596	31,999,007
	\$	108,563,605	110,761,824	120,919,548	117,612,161	116,053,182

COUNTY OF BERGEN

CONDENSED COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

DECEMBER 31,					
	2012	2011	2010	2009	2008
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 18,325,000	18,575,000	18,650,000	18,951,000	19,184,000
Miscellaneous Revenue Anticipated	123,905,555	127,541,034	142,819,844	142,289,748	139,174,463
Receipts from Current Taxes	358,524,718	351,980,788	352,741,119	339,474,761	317,897,303
Non-Budget Revenue	13,297,360	12,834,705	10,189,482	11,802,280	11,579,148
Other Credits to Income:					
Unexpended Balance of Appropriation Reserve	3,584,628	4,270,171	3,528,843	6,089,049	9,277,659
Unexpended Balance of Appropriations	3,572,425	3,820,819	0	4,373,726	6,174,866
Contracts Payable Cancelled	497,747	778,850	546,676	1,957,424	276,627
Interfunds Returned	0	21,800	15,167	38,111	
Other					4,182
	<u>521,707,433</u>	<u>519,823,167</u>	<u>528,491,131</u>	<u>524,976,099</u>	<u>503,568,248</u>
Expenditures:					
Budget Appropriation	499,744,434	499,842,264	508,465,840	505,274,972	484,658,886
Interfunds Advanced	571,397	19,521	15,838	15,167	7,735
Other Charges to Income	41,620	88,212	156,080	0	0
	<u>500,357,451</u>	<u>499,949,997</u>	<u>508,637,758</u>	<u>505,290,139</u>	<u>484,666,621</u>
Excess in Revenue	21,349,982	19,873,170	19,853,373	19,685,960	18,901,627
Fund Balance, January 1	27,032,431	25,734,261	24,530,888	23,795,928	24,078,301
	48,382,413	45,607,431	44,384,261	43,481,888	42,979,928
Utilized as Anticipated Revenue	18,325,000	18,575,000	18,650,000	18,951,000	19,184,000
Fund Balance, December 31	<u>\$ 30,057,413</u>	<u>27,032,431</u>	<u>25,734,261</u>	<u>24,530,888</u>	<u>23,795,928</u>

COUNTY OF BERGEN

CONDENSED COMPARATIVE BALANCE SHEETS
GENERAL CAPITAL FUND

DECEMBER 31,

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 37,064,073	27,338,906	42,725,708	9,397,620	31,707,967
Accounts Receivable-State of New Jersey	670,639	8,976,351	873,351	9,417,105	4,221,417
Deferred Charges to Future Taxation:					
Funded	515,522,564	493,926,943	481,648,184	444,470,335	390,589,189
Unfunded	313,319,369	248,239,891	287,256,305	280,489,095	283,656,375
Total Assets	\$ <u>866,576,645</u>	<u>778,482,091</u>	<u>812,503,548</u>	<u>743,774,155</u>	<u>710,174,948</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds	\$ 509,252,000	486,681,000	473,629,000	435,677,000	381,038,000
Capital Improvement Fund	114,425	165,425	547,425	217,817	20,817
Improvement Authorizations:					
Funded	34,136,672	36,291,267	47,440,383	38,653,024	39,021,869
Unfunded	251,199,651	186,159,712	191,647,336	191,692,799	157,877,320
Due to Bergen County Improvement Authority	0	0	0	1,016,767	13,808,148
Encumbrances Payable	64,573,607	60,938,047	88,735,339	64,546,786	104,169,932
Green Trust Loan	1,061,998	1,350,613	1,650,343	1,960,804	2,265,147
Environmental Infrastructure Trust Loans	5,208,566	5,895,330	6,368,841	6,832,531	7,286,042
Reserve for NJ ARM Rebate BANS	89,032	330,247	333,043	319,956	250,844
Reserve for Preliminary Expenses	1,434	1,434	1,434	1,434	8,056
Fund Balance	939,260	669,016	2,150,404	2,855,237	4,428,773
Total Liabilities, Reserves and Fund Balance	\$ <u>866,576,645</u>	<u>778,482,091</u>	<u>812,503,548</u>	<u>743,774,155</u>	<u>710,174,948</u>

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Appendix C

Form of Approving Legal Opinion of Wolff & Samson PC

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[UPON DELIVERY OF THE BONDS, WOLFF & SAMSON PC, BOND COUNSEL, IS EXPECTED TO RENDER ITS APPROVING LEGAL OPINION IN SUBSTANTIALLY THE FOLLOWING FORM.]

[Date of Closing]

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

Dear County Executive and Board Members:

We have acted as Bond Counsel to the County of Bergen, New Jersey (the "County") in connection with the issuance on the date hereof of its \$65,000,000* General Obligation Bonds of 2013, Series C (the "Bonds"), consisting of \$57,855,000* General Improvement Bonds of 2013, Series C-1 and \$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P.L. 1980, c. 72), and we have examined the record of proceedings relating to such issuance.

The Bonds are dated December 1, 2013, mature in the principal amounts on December 1 in each of the years and bear interest from their dated date at the rates per annum as follows:

GENERAL OBLIGATION BONDS OF 2013, SERIES C

Year	General Improvement Bonds*	School Bonds*	Total Principal Amount*	Rate (%)
2014	\$1,875,000	\$250,000	\$2,125,000	
2015	2,750,000	250,000	3,000,000	
2016	3,000,000	500,000	3,500,000	
2017	2,850,000	500,000	3,350,000	
2018	2,850,000	500,000	3,350,000	
2019	3,205,000	500,000	3,705,000	
2020	2,850,000	500,000	3,350,000	
2021	2,850,000	500,000	3,350,000	
2022	3,000,000	500,000	3,500,000	
2023	3,000,000	500,000	3,500,000	
2024	3,375,000	500,000	3,875,000	
2025	3,750,000	500,000	4,250,000	
2026	3,750,000	500,000	4,250,000	
2027	3,750,000	500,000	4,250,000	
2028	3,750,000	500,000	4,250,000	
2029	3,750,000	145,000	3,895,000	
2030	3,750,000		3,750,000	
2031	3,750,000		3,750,000	
	\$57,855,000	\$7,145,000	\$65,000,000	

*Preliminary, subject to change.

The Bonds will be issued in the form of one certificate for each year of maturity registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository.

The Bonds are subject to redemption prior to maturity as set forth therein.

The Bonds are issued pursuant to N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), a certificate of the County Executive, combining the Bonds into one consolidated issue and providing for the form and other details of the Bonds, the various bond ordinances referred to therein each in all respects duly approved and published as required by law, and an award certificate of the County Treasurer.

In our capacity as Bond Counsel, we have examined the proceedings for the issuance of the Bonds and such opinions, documents, certificates, instruments and letters, and such statutes, regulations, administrative pronouncements and judicial decisions as exist on the date hereof, as we deemed necessary as the basis for the opinions expressed herein. We have conducted no independent investigation of any matter or statement of facts contained in any document or certificate referred to above. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies.

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

1. The Bonds are the legal, valid and binding obligations of the County, enforceable in accordance with their terms, except as the enforceability of the Bonds may be limited by any applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium and similar laws of general application at the time in effect and by judicial decisions and principles of equity affecting creditors' rights generally and judicial discretion. The Bonds are payable from ad valorem taxes that may be levied upon all taxable real property within the County without limitation as to rate or amount. In addition, the \$7,145,000 Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P.L. 1980, c.72) are entitled to the benefits of the New Jersey School Bond Reserve Act, P.L. 1980, c.72. We have examined an executed Bond. The form of said Bond and its execution are regular and proper.

2. The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excludable from gross income for federal income tax purposes. Assuming that the County complies with such requirements on a continuing basis, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excludable from the gross income of the holders of the Bonds for purposes of federal income taxation under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds if held by a corporate taxpayer is included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of the inclusion of interest on the Bonds in "adjusted current earnings."

[The initial public offering price of certain of the Bonds (the "Premium Bonds") is greater than the principal amount of such Bonds payable at maturity. An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171 (b) of the Code) on the Bonds that are initially offered and sold at a premium. Under Section 1016(a)(5) of the Code, however, an adjustment must be

made to the purchaser's basis in such Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code.]

No opinion is expressed, however, as to the extent the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of or other consequences to the recipient thereof, which will depend on the recipient's particular tax status and other items of income or deduction.

3. Interest on the Bonds and any gain on the sale of the Bonds is not includable in gross income under the New Jersey Gross Income Tax Act.

Except as expressly stated herein, we express no opinion as to any federal or state tax consequences of the ownership or disposition of the Bonds.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention after the date of this opinion, or any changes in law or interpretations thereof that may occur after the date of this opinion, or for any reason whatsoever.

Respectfully submitted,

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Appendix D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered this ___ day of December, 2013, by the County of Bergen, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of its \$65,000,000* General Obligation Bonds of 2013, Series C (the “Bonds”), consisting of \$57,855,000* General Improvement Bonds of 2013, Series C-1 and \$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P.L. 1980, c. 72). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the annual financial report and other financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“Bondholder” shall mean any person who is the registered owner of any Bond, including Beneficial Owners.

“Business Day” shall mean any day that is not a Saturday, a Sunday or a legal holiday in the State or the State of New York or a day on which the Issuer or the Dissemination Agent is legally authorized to close.

“Continuing Disclosure Information” shall mean, collectively, (i) the Annual Financial Information; (ii) any notice required to be filed with the Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the Repository pursuant to Section 3 hereof.

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

“EMMA” shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of

* Preliminary, subject to change.

tax-exempt and taxable bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board via the internet facilities of the Electronic Municipal Market Access System (EMMA).

“Repository” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Securities and Exchange Commission as a repository for purposes of the Rule.

“Participating Underwriter” shall mean for purposes of the Bonds, any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, provide to the Repository, within nine (9) months after the close of the Issuer’s fiscal year, the Annual Financial Information which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer’s fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Financial Information to the Repository, the Issuer shall provide the Annual Financial Information to the Dissemination Agent (if other than the Issuer). If by such date the Dissemination Agent has not received a copy of the Annual Financial Information, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of subsection (a).

(c) If the Issuer is unable to provide to the Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Repository

in substantially the form attached as Exhibit A. If the Dissemination Agent (if other than the Issuer) is unable to verify that the Annual Financial Information has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent (if other than the Issuer) shall, if the Dissemination Agent files the Annual Financial Information to the Repository pursuant to this Section 3, file a report with the Issuer certifying that the Annual Financial Information has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Financial Information. The Annual Financial Information shall contain or include by reference the following:

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

(ii) Such financial information and operating data as set forth in the Official Statement prepared in connection with the sale of the Bonds, and which is customarily prepared by the Issuer and publicly available.

SECTION 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond calls (excluding mandatory sinking fund redemption), if material, or tender offers;

9. defeasances;
10. release, substitution or sale of property securing repayment of the Bonds;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Issuer shall within ten (10) Business Days of the occurrence of any of the Listed Events, provide notice to the Repository. In determining the materiality of any of the Listed Events specified in clauses (2), (6), (7), (8), (13), or (14) of subsection (a) of this Section 5, the Issuer may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If a Dissemination Agent is appointed, the Issuer shall within five (5) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to this subsection (c) of this Section 5. If the Dissemination has been instructed by the Issuer to report the occurrence of a Listed Event, the Issuer shall require the Dissemination Agent to file a notice of such occurrence with the Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Issuer. The Dissemination Agent shall have no obligation under this Disclosure Certificate to monitor the Issuer's obligation to provide notification of the occurrence of any of the Listed Events which are material.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer provides additional information that is not specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. In the event a Dissemination Agent is appointed by the Issuer, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

[The remainder of this page intentionally left blank. Signatures follow.]

IN WITNESS WHEREOF, the COUNTY OF BERGEN has caused this Continuing Disclosure Certificate to be executed in its name by its Chief Financial Officer and its corporate seal to be affixed hereto and said seal to be attested by the Clerk of the Board of Chosen Freeholders, all as of the date first above written.

(SEAL)

COUNTY OF BERGEN

ATTEST:

Clerk of the Board of Chosen Freeholders

By: _____
Joseph Luppino
Chief Financial Officer

[Signature Page to Continuing Disclosure Certificate]

EXHIBIT A TO DISCLOSURE CERTIFICATE

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Bergen, New Jersey

Name of Bond Issue: \$65,000,000* General Obligation Bonds of 2013, Series C (the "Bonds"), consisting of \$57,855,000* General Improvement Bonds of 2013, Series C-1 and \$7,145,000* Special Services/Vocational School Bonds of 2013, Series C-2 (New Jersey School Bond Reserve Act, P.L. 1980, c. 72)

Dated Date of Bonds: December 1, 2013

NOTICE IS HEREBY GIVEN that the Issuer has not provided the Annual Financial Information with respect to the above-referenced Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated as of December __, 2013. The Issuer anticipates that the Annual Financial Information will be filed by _____.

Dated: _____

THE COUNTY OF BERGEN,
NEW JERSEY

By: _____

* Preliminary, subject to change.