

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
AUDIT OF FINANCIAL STATEMENTS  
AND  
FEDERAL AND STATE GRANT PROGRAMS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
AND REPORT OF INDEPENDENT AUDITOR'S**

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

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**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
County of Bergen  
Board of Social Services  
Rochelle Park, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying combined statement of assets, liabilities and fund balances - regulatory basis of the Board of Social Services, County of Bergen, State of New Jersey, as of December 31, 2013, and the combined statement of receipts, disbursements and changes in fund balances - regulatory basis for the year then ended. We have also audited the accompanying statement of assets, liabilities and fund balances - regulatory basis of the Board of Social Services, County of Bergen, State of New Jersey Assistance Fund, as of December 1, 2013, and the statement of receipts, disbursements and changes in fund balance - regulatory basis for the period then ended.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Family Development, Department of Human Services, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Division of Family Development, Department of Human Services, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit 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, the financial statements are prepared by the Board of Social Services, County of Bergen, State of New Jersey, on the basis of the financial reporting provisions prescribed by the County Welfare Services, Division of Family Development, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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 each fund of the Board of Social Services, County of Bergen, State of New Jersey as of December 31, 2013 and December 1, 2013, or changes in financial position for the year and period 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 Board of Social Services, County of Bergen, State of New Jersey, as of December 31, 2013 and December 1, 2013, and the results of its operations of such funds and the changes in its fund balances for the year and period then ended, on the basis of accounting described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Social Services, County of Bergen, State of New Jersey's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Board of Directors  
County of Bergen  
Board of Social Services  
Page 4.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014 on our consideration of the Board of Social Services, County of Bergen, State of New Jersey'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 the Board of Social Services, County of Bergen, State of New Jersey's internal control over financial reporting and compliance.



Steven D. Wielkötz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



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Certified Public Accountants  
Pompton Lakes, New Jersey

September 15, 2014



COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS  
DECEMBER 31, 2013

	TOTAL	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2013 Assistance Fund	General Fixed Asset Account Group
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 682,501	(12,753)	(38,291)		79,599	6,276	130,957	516,713	1,176,128
Fixed Assets	1,176,128								
Total Assets	\$ 1,858,629	\$ (12,753)	\$ (38,291)	\$ -	\$ 79,599	\$ 6,276	\$ 130,957	\$ 516,713	\$ 1,176,128
<b>LIABILITIES</b>									
Advances Payable	55,000					55,000			
Total Liabilities	55,000					55,000			
<b>FUND BALANCES</b>									
Fund Balance - Restricted	\$ 82,233						130,957		
Fund Balance - Unrestricted	545,268	(12,753)	(38,291)		79,599	(48,724)		516,713	1,176,128
Investment in General Fixed Assets	1,176,128								
Total Fund Balances	\$ 1,803,629	\$ (12,753)	\$ (38,291)	\$ -	\$ 79,599	\$ (48,724)	\$ 130,957	\$ 516,713	\$ 1,176,128
Total Liabilities and Fund Balances	\$ 1,858,629	\$ (12,753)	\$ (38,291)	\$ -	\$ 79,599	\$ 6,276	\$ 130,957	\$ 516,713	\$ 1,176,128



COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2013 Assistance Fund	General Fixed Asset Account Group
<b>TOTAL</b>								
Total Receipts	\$ 35,569,866	\$ 5,156,894	\$ 740,160	\$ 1,280,091	\$ 238,926		\$ 19,541,248	\$ -
Disbursements:								
Fund Disbursement	36,677,901	4,868,430	740,160	1,279,594	239,683		18,706,837	
Funds Returned to the State							931,663	
Total Disbursement	36,677,901	4,868,430	740,160	1,279,594	239,683		19,638,500	
Excess Receipts Over/Under Disbursements	(1,108,035)	288,374	-	497	(757)		(97,252)	
Transfers out to State		283,992						
Fund Balance, December 31, 2012 (Except for Assistance Fund Balance December 1, 2012)	1,095,282	(42,673)		79,102	(47,967)	130,957	613,965	1,176,128
Fund Balance, December 31, 2013 (Except for Assistance Fund Balance December 1, 2013)	\$ (12,753)	\$ (38,291)	\$ -	\$ 79,599	\$ (48,724)	\$ 130,957	\$ 516,713	\$ 1,176,128
	Schedule 1	Schedule 3	Schedule 4	Schedule 5	Schedule 6		Schedule 7	

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. ORGANIZATION**

The County of Bergen, Board of Social Services, is an autonomous governmental organization providing various social services to qualified individuals whose income is below certain specified limits. The Board of Social Services is exempt from income taxes. The Bergen County Executive with the advice and consent of the Freeholders appoints the Board of Directors of the Board of Social Services. The Board of Social Services is a component unit of the County of Bergen as defined in the Government Accounting Standards Board Pronouncement Number 14.

**B. BASIS OF ACCOUNTING**

The accompanying financial statements have been prepared in accordance with the County Welfare Agency Accounting Manual, Ruling 12, published by the State of New Jersey, Department of Human Services, and Division of Family Development. The accounting practice prescribed is based on a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. A summary of the major differences is as follows:

- Revenues are recognized when received rather than earned. Expenditures are recognized when paid rather than incurred.
- The Assistance Fund is reported on a December 1, 2012 through December 1, 2013 basis.
- Fixed asset purchases are recorded as expenditures and are not capitalized or depreciated.
- Prepaid items are charged as expenditures when paid and such items from prior periods have not been amortized.
- Expenditures are offset by applicable credits.

**C. DESCRIPTION OF A FUND**

The Board of Social Services accounts for its financial transactions through the following separate funds, which differ from the fund structure required by generally accepted accounting principles:

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. DESCRIPTION OF A FUND, (continued)**

Administration Fund - The Administration Fund is a General Fund, which accounts for all revenues and expenditures for operations of a general nature.

Assistance Fund, General Assistance Fund, Child Support and Paternity Fund, and REACH - The TANF Fund, General Assistance Fund, Child Support and Paternity Fund, and the REACH are Special Revenue Funds, which account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified in the grant agreement.

Unemployment Trust Fund - The Unemployment Trust Fund is a trust fund used to account for receipts, custodianship and disbursements held by the Board of Social Services in a trustee capacity or as an agent for individuals.

Account Groups - Account Groups are used to establish control and accountability for the Board of Social Services's fixed assets.

General Fixed Asset Account Group - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group rather than governmental fund.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenue and expenditures.

Budget amounts presented in the accompanying financial statements represent the amounts adopted by the Board of Social Services and have been approved by the State Division of Family Development, Division of Youth and Family Services and the Division of Medical Assistance.

Formal written requests for budget transfers are required for any deviations from the approved budget. It does not include other program expenditures for the TANF Case Management Program in the annual budget.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. VALUATION OF GENERAL FIXED ASSET**

Prior to December 31, 1985, detailed fixed capital records were not required to be maintained under the accounting principles prescribed by the State of New Jersey. At December 31, 1985, each governmental unit was required to take a fixed asset inventory of all non-infrastructure capital assets, which have a useful life over one year, and an acquisition cost of \$1,000 or more per unit. As of January 1, 1986 fixed assets have been recorded at cost in the General Fixed Asset Account Group. Assets acquired prior to January 1, 1986 have been assigned costs based on historical costs, which is in accordance with the promulgations of the Governmental Accounting Standards Board. Fixed assets as of December 31, 2013 consisted of equipment.

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board of Social Services' policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2013, \$-0- of the Board of Social Services bank balance of \$1,376,835 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2013

**NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Credit Risk**

New Jersey Statutes 40A:5-15.1(a) limits investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The Board of Social Services places no limit on the amount the Board of Social Services may invest in any one issuer.

**NOTE 3: PENSION PLANS**

**Description of Systems**

Substantially all employees participate in the Public Employees Retirement System (PERS) contributory defined benefit public employee retirement systems which have been established by State statute. This system is sponsored and administered by the State of New Jersey.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, member's beneficiaries are entitled to full interest credited to the members' accounts.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 3: PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS), (continued)*

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of 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 1/4 of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 3: PENSION PLANS, (continued)**

**Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

Contributions made by employees to PERS for the previous three fiscal years are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Contribution as</u> <u>Percentages of</u> <u>Base Wages</u>	<u>Contribution</u> <u>Amount</u>
2013	5.50%	\$1,291,859
2012	5.50	1,263,950
2011	5.50	1,140,211

Contributions made by the Board of Social Services to PERS for the previous three fiscal years are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Contribution</u> <u>Amount</u>
2013	\$1,642,414
2012	1,635,734
2011	1,603,680

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 3: PENSION PLANS, (continued)**

**Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.



**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 3: PENSION PLANS, (continued)**

**Defined Contribution Retirement Program, (continued)**

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

**NOTE 4: OTHER POST EMPLOYEMENT BENEFITS**

On March 16, 2010, the Bergen County Board of Social Services approved a resolution to participate in the Health Program provided by the New Jersey State Health Benefits Act of the State of New Jersey (N.J.S.A 52:14-17.25 et seq.) and to authorize the coverage for all the employees and their dependents thereunder in accordance with the statute and regulations adopted by the State Health Benefits Commission. The State Health Benefits Program was established in 1961 to provide health benefits to State employees, Retirees and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2013.pdf>.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2013**

**NOTE 4: OTHER POST EMPLOYEMENT BENEFITS, (continued)**

**Plan Coverage**

Any employee who retires after twenty-five (25) years or more of service within the Board shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Board. This does not include dental benefits.

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of the participating employees in the SHBP are billed to the Bergen County Board of Social Services on a monthly basis. The rate charged by the system for the year ended December 31, 2013 was as follows:

The Bergen County Board of Social Services contributions to SHBP for post-retirement benefits for the year ended December 31, 2013 was \$1,371,946, which equaled the required contribution for the year.

**NOTE 5: DEFERRED COMPENSATION PLAN (UNAUDITED)**

The Board of Social Services has established a deferred compensation plan for its employees under Section 457 of the Internal Revenue Code (IRC), which is part of the County of Bergen's deferred compensation plan. The Plan is administered by an outside agency, which pays claims and invests in the funds. Under the IRC, the assets in the plan remain the property of the Board of Social Services until paid or made available to the participants, subject only to the claims of the Board of Social Service's general creditors.

The Plan, available to all Board of Social Service's employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2013**

**NOTE 5: DEFERRED COMPENSATION PLAN (UNAUDITED), (continued)**

On November 1, 1997, the Bergen County Board of Social Services instituted a Flexible Spending Program for employees. All employees are eligible to enroll in the plan. The Flexible Spending Plan offers employees benefits for unreimbursed medical expenses, childcare and disability. Each employee enrolled in the Plan must contribute through payroll deductions. The Board of Social Services is responsible to pay the administrative expenses for the Plan. Total administrative costs for the year ended December 31, 2013 was \$900.

**NOTE 6: FLEXIBLE SPENDING PLAN**

The Plan limits reimbursements for childcare to \$5,000 per year in accordance with Section 129 of the Internal Revenue Code and unreimbursed medical expenses are limited to \$1,800 per year in accordance with Section 105 of the Internal Revenue Code. Employee contributions to the Plan for the year ended December 31, 2013 was \$35,669.

**NOTE 7: EARLY RETIREMENT INCENTIVE PROGRAM**

On July 15, 1993, the Board of Social Services elected to participate in the State of New Jersey's, Division of Pensions and Benefits, Early Retirement Incentive Program. On February 5, 1996, the Board of Social Services received a notice from the State of New Jersey's, Department of the Treasury, Division of Pensions and Benefits stating that the Board of Social Services can elect to pay the remaining balance in a lump sum or over 5, 10, 15, 20 years, or over the full remaining time period for accrued liability payments to the retirement system which is 37 years. The Board of Social Services elected to make payments over the 37-year period.

As of April 2012, the liability of \$984,000 was refunded through the Bergen County Improvement Authority Early Retirement Incentive Pooled Financing. The Board of Social Services will reimburse the County of Bergen who will repay the debt.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2013

NOTE 7: EARLY RETIREMENT INCENTIVE PROGRAM, (continued)

Aggregate debt service requirements during the next five years and thereafter are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$65,000	\$20,104	\$85,104
2015	75,000	19,588	94,588
2016	82,000	18,767	100,767
2017	91,000	17,515	108,515
2018	93,000	15,790	108,790
2019-2023	<u>520,000</u>	<u>37,486</u>	<u>557,486</u>
	<u>\$926,000</u>	<u>\$129,250</u>	<u>\$1,055,250</u>

NOTE 8: OPERATING LEASES

The Board of Social Services has commitments to lease a building and office equipment under operating leases. On February 18, 1989, the Board of Social Services entered into a fifteen year lease agreement on the building located at 216 Route 17 North, Rochelle Park, New Jersey. The lease commenced October 1, 1989 and was to terminate September 30, 2004. On November 18, 1993, the lease was amended and will terminate September 18, 2014. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	<u>\$1,380,000</u>

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 8: OPERATING LEASES, (continued)**

On February 4, 2014, the Board of Social Services entered into a fifteen year lease agreement on the building located at 218 Route 17 North, Rochelle Park, New Jersey. The lease will commence on October 1, 2014 and is to terminate September 30, 2029. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2014	\$326,562
2015	1,306,250
2016	1,306,250
2017	1,306,250
2018	1,306,250
2019-2023	6,998,750
2024-2028	7,665,625
2029	<u>1,165,313</u>
	<u>\$21,381,250</u>

On May 1, 2006, the Board of Social Services entered into a sublease agreement for space on the fourth floor with the Board of Education of the Bergen County Special Services School District. The term of the sublease shall terminate one day prior to the termination of the Bergen County Board of Social Services' building lease agreement. In the event the Board of Social Services extends the building lease agreement, the Sublessee has the option to renew for an additional five years. Under the terms of the agreement, the Board of Education shall pay the Bergen County Board of Social Services \$7,931 per month rent. This amount is recorded as a reduction in the Bergen County Board of Social Services rent expense.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 8: OPERATING LEASES, (continued)**

The Board of Social Services also lease numerous copy machines and postage machines. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2014	\$25,984
2015	16,680
2016	<u>1,390</u>
	<u>\$44,054</u>

**NOTE 9: PENDING LITIGATION**

There are matters regarding pending litigation, which involve possible liability exposure for the Board of Social Services. In the opinion of the Board of Social Services's Legal Department, pending claims impact on the Board of Social Service's financial position.

**NOTE 10: 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. The potential sick leave liability as of December 31, 2013 was \$1,166,719.

Employees accrue vacation time at the rate of 14 days per year for the first five years of service, 17 days per year for years 6 through 12, 22 days per year for years 13 through 16, 23 days per year for years 17 through 20 and 25 days per year thereafter. Unused vacation time at the end of the year is carried over to the following year but must be used by the employee by the end of the next calendar year. Terminated employees are paid for accrued time at the current rate. There is a maximum payment of \$15,000 for accrued sick time. The value of accrued vacation time as of December 31, 2013 was \$597,021. No provision is made in the financial statements for the accrued value of terminal leave and vacation time.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 11: LOSSES DUE TO FRAUDULENT RECEIPT OF BENEFITS**

The Board of Social Services incurs losses due to recipients receiving benefits that they were not eligible to receive. The Board of Social Services has established a Fraud Investigation Unit to perform the function of investigation of all potential fraudulent receipt of benefits.

The Board of Social Services has established procedures for recoupment of monies owed by recipients of fraudulent benefits. For recipients currently receiving assistance, the amount of the fraud is deducted from the assistance received. For recipients not on the active on the welfare roles, the Board of Social Services attempts to enter into a repayment plan. The Board of Social Services also has recourse to recoup these monies through withholdings from unemployment checks, federal and state tax refunds, disability and garnishee of wages. Cases which exceed certain dollar thresholds are referred to the Bergen County's Prosecutor's Office.

The County of Bergen has no liability for repayment of monies disbursed to recipients with state and federal funds. The Federal and State funding agencies also do not require any repayments by the Board of Social Services for these fraudulent payments.

According to guidelines established by the federal and state funding agencies, the Board of Social Services receives a percentage of the collections of fraudulent monies recouped, which is deposited into the Administration Account and utilized for administrative expenses. The total amount of fraudulent cases completed amounted to \$1,041,963 for the year ended December 31, 2013.

**NOTE 12: PAYMENT OF MEDICAL CLAIMS FOR QUALIFIED RECIPIENTS**

The State of New Jersey administers medical benefits to qualified recipients through Work First New Jersey, General Assistance Program. These costs are processed through a fiscal intermediary, Unisys. The Board of Social Services is responsible for determining eligibility, issuing recipient eligibility cards and monitoring eligibility of payments to care providers. The amount of medical claims paid Work First New Jersey, General Assistance recipients for the year ended December 31, 2013 was \$397,072,854.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**DECEMBER 31, 2013**

**NOTE 13: ADMINISTRATION OF MUNICIPAL PUBLIC ASSISTANCE**

The Bergen County Board of Social Services is the administrator of municipal public assistance for the following towns in Bergen County:

Allendale	Alpine	Bergenfield	Bogota	Carlstadt
Cliffside Park	Closter	Cresskill	Demarest	Dumont
East Rutherford	Elmwood Park	Emerson	Englewood	Englewood Cliffs
Fairlawn	Franklin Lakes	Garfield	Glen Rock	Harrington Park
Hasbrouck Heights	Haworth	Ho Ho Kus	Leonia	Little Ferry
Lodi	Lyndhurst	Mahwah	Maywood	Midland Park
Moonachie	New Milford	North Arlington	Northvale	Norwood
Oakland	Old Tappan	Oradell	Palisades Park	Paramus
Ramsey	Ridgefield	Ridgewood	River Edge	River Vale
Rochelle Park	Rockleigh	Saddle Brook	Saddle River	South Hackensack
Teaneck	Tenafly	Upper Saddle River	Teterboro	Waldwick
Wallington	Washington Township	Wyckoff		

The Division of Family Development determined the Bergen County Board of Social Services would be the sole administrator of municipal public assistance for all towns in Bergen County who voluntarily turned over the administration to the County. However, municipalities may continue to administer the program if they so desire.

**NOTE 14: SUBSEQUENT EVENT**

The Board has evaluated subsequent events through September 15, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.



**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
ADMINISTRATION FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS:

## State Treasurer:

## Division of Family Development:

Earned Grant Subsidy	\$ 13,894,567
Child Support	547,211
Food Stamp Fraud Incentives	55,891
Food Stamp TIR	19,994
Home Energy Assistance Reimbursements	27,090

## Division of Medical Assistance and Health Services:

Medical Assistance Program	611,616
UNISYS - Community Care Waiver	449,555
UNISYS - Medical Outstation Workers	399,000
Medically Needy	233,037

## Other Grants:

Medicaid Ives Reimbursement	123,769
PAAD Initiative	43,020

## Other Funds Received from the County:

Appropriations	9,203,784
Adult Protective Services	395,131
Peer Group Funds	1,004,803
Social Services Block Grant	66,079
Trans Plus	32,201
CM and Work Activity	77,319
Homeless Funding	30,129
Other	

## Employee Contributions

8,355,529

## Other Additions:

Non-TANF application fees	141
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## Total Receipts

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 35,569,866
 

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**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
ADMINISTRATION FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

DISBURSEMENTS:

Operating Disbursements:	
Personal Services Expense	15,462,345
Employee Benefit Plans	8,206,271
Travel Expense	44,589
Office Expense	506,498
Office Space, Rental, Repairs and Alterations	2,371,872
Staff Development and Training	3,761
Purchased Services for Clients	19,911
Miscellaneous Matchable Expenses	66,650
Food Stamp Program Expense	89,227
Child Support and Paternity Expense	45,498
Electronic Data Processing Expense	373,527
Miscellaneous Nonmatchable Expense	1,196,448
Reserve for Employee Contributions	<u>8,291,304</u>
 Total Disbursements	 <u>36,677,901</u>
 Excess (Deficit) Receipts Over Disbursements	 (1,108,035)
 Fund Balance, December 31, 2012	 <u>1,095,282</u>
 Fund Balance, December 31, 2013	 <u>\$ (12,753)</u>

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
ADMINISTRATION FUND  
SCHEDULE OF NET DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>OPERATING DISBURSEMENTS</u>	<u>BUDGET (1)</u>	<u>ACTUAL NET OPERATING DISBURSEMENTS</u>	<u>VARIANCE (OVER) UNDER (2)</u>
Salaries and Wages	\$ 15,690,215	\$ 15,462,345	\$ 227,870
Employee Benefit Plans	8,358,915	8,206,271	152,644
Travel Expense	52,100	44,589	7,511
Office Expense	676,631	506,498	170,133
Major Equipment Purchases	8,000		8,000
Office Space, Rental, Repairs & Alterations	2,406,784	2,371,872	34,912
Staff Development and Training	8,000	3,761	4,239
Purchased Services for Clients	65,000	19,911	45,089
Miscellaneous Matchable Expense	82,900	66,650	16,250
Food Stamp Program	247,422	89,227	158,195
Child Support and Paternity	55,169	45,498	9,671
Electronic Data Processing	373,527	373,527	-
Miscellaneous Nonmatchable Expenses	1,257,309	1,196,448	60,861
	<u>\$ 29,281,972</u>	<u>\$ 28,386,597</u>	<u>\$ 895,375</u>

(1) Budget data represents the approved State of New Jersey, Division of Family Development budget inclusive of any modifications letters and any amounts reserved from prior year's budget to be included in the current budget.

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
WFNJ GENERAL ASSISTANCE FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS:

State Aid Payment Received	\$ 2,440,753
Supplemental Security Income Initial Retro Checks (GA-31)	563,573
Refund - Reported Assistance (GA-12)	29,043
Automatic Recoupments	4,279
Other	<u>2,119,156</u>
Total Receipts	<u>5,156,804</u>

DISBURSEMENTS:

GA Expenditures (Eligible) - (GA-6A)	4,854,186
Supplemental Security Income Payments (GA-31)	<u>14,244</u>
Total Disbursements	<u>4,868,430</u>
Excess (Deficit) Receipts Over Disbursements	288,374
Transfer Out to State	<u>(283,992)</u>
Excess (Deficit) Receipts Over Disbursements and Transfers	4,382
Fund Balance, December 31, 2012	<u>(42,673)</u>
Fund Balance, December 31, 2013	<u><u>\$ (38,291)</u></u>

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
CLEARING FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS:

Pending Claims	\$	
Overpayments		93,280
Probation and LRR		440,428
Food Stamp Recoupment for Overissuances		67,508
Medicaid Recoupment		56,506
Other		82,438
		<hr/>
Total Receipts		740,160

DISBURSEMENTS:

Cash to Clients		799
Assistance Payments		106,929
Medical Assistance		535,286
State Treasurer - Food Stamp Recoupments		66,831
Other		30,315
		<hr/>
Total Disbursements		740,160

Excess (Deficit) Receipts Over Disbursements

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Fund Balance, December 31, 2012

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Fund Balance, December 31, 2013

\$ 

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**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**CHILD SUPPORT AND PATERNITY FUND**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS:

Regular Collections	\$ 1,270,475
Direct Payments	<u>9,616</u>
Total Receipts	<u>1,280,091</u>

DISBURSEMENTS:

Refunds to Assistance Account	545,318
Incentive Payments	545,318
Payments to Clients	185,176
Other	<u>3,782</u>
Total Disbursements	<u>1,279,594</u>

Excess (Deficit) Receipts Over Disbursements	497
Fund Balance, December 31, 2012	<u>79,102</u>
Fund Balance, December 31, 2013	<u>\$ 79,599</u>

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
REACH FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

RECEIPTS:

Assistance Fund Reimbursements	\$ <u>238,926</u>
Total Receipts	<u>238,926</u>

DISBURSEMENTS:

Administration Disbursements	<u>239,683</u>
Total Disbursements	<u>239,683</u>
Excess (Deficit) Receipts Over Disbursements	(757)
Fund Balance, December 31, 2012	<u>(47,967)</u>
Fund Balance, December 31, 2013	<u>\$ (48,724)</u>

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
ASSISTANCE FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 1, 2013**

RECEIPTS:

State Treasurer	\$ 2,245,000
County Treasurer	1,953,211
Federal	14,460,990
Clearing Fund - County Reimbursement	67,443
Clearing Fund - State Reimbursement	20,356
Clearing Fund - Federal Reimbursement	605,286
Child Support and Paternity Funds - Disregards	<u>188,962</u>
 Total Receipts	 <u>19,541,248</u>

NET DISBURSEMENTS BY PROGRAM:

Assistance to Supplemental Security Income Recipients	3,085,606
Temporary Assistance to Needy Families	11,283,334
Child Support and Paternity Disregards	188,962
Refugee Resettlement Program	<u>20,229</u>
 Total Net Program and Fund Disbursements	 <u>14,578,131</u>

OTHER DISBURSEMENTS:

Funds Returned to the State	931,663
Electronic Benefit Transfer	<u>4,128,706</u>
 Total Other Disbursements	 <u>5,060,369</u>
 Total Disbursements	 <u>19,638,500</u>
 Excess (Deficit) Receipts Over Disbursements	 (97,252)
 Fund Balance, December 1, 2012	 <u>613,965</u>
 Fund Balance, December 1, 2013	 <u>\$ 516,713</u>



# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
County of Bergen  
Board of Social Services  
Rochelle Park, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Family Development, Department of Human Services, 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 financial statements-regulatory basis of the County of Bergen, Board of Social Services as of and for the year ended December 31, 2013 and for the period ended December 1, 2013, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2014, which was adverse due to being presented in accordance with the regulatory basis of accounting as described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the County of Bergen, Board of Social Services' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the County of Bergen, Board of Social Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Bergen, Board of Social Services' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a



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


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


### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Bergen, Board of Social Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Bergen, Board of Social Services' internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CR00413

  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133  
AND N.J. OMB CIRCULAR 04-04**

Board of Directors  
County of Bergen  
Board of Social Services  
Rochelle Park, New Jersey

## **Report on Compliance for Each Major Federal and State Program**

We have audited the County of Bergen, Board of Social Services compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013 and for the period ended December 1, 2013. The County of Bergen, Board of Social Services' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County of Bergen, Board of Social Services' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB



Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the County of Bergen, Board of Social Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the County of Bergen, Board of Social Services' compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the County of Bergen, Board of Social Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013 and for the period ended December 1, 2013.

### **Report on Internal Control Over Compliance**

Management of the County of Bergen, Board of Social Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Bergen, Board of Social Services' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Bergen, Board of Social Services' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and

corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Steven D. Wielkocz, C.P.A.  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

September 15, 2014



COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of Federal Awards

Year ended December 31, 2013

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2012	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013	MEMO Cumulative Total Expenditures
U. S. Department of Health and Human Services (USDHHS) New Jersey Department of Human Services (NJ DHS) Pass Through Programs from: NJ Division of Family Development: Temporary Assistance to Needy Families (TANF) Temporary Assistance to Needy Families (TANF) - Administration Temporary Assistance to Needy Families (TANF) - Case Management Social Services for the Homeless (TANF) -	93.558 93.558 93.558 93.558	2013 2013 2013 2013	9,870,157 758,529 559,168 29,655	9,870,157	9,870,157 758,529 559,168 29,655	9,870,157 758,529 559,168 29,655	* * * *	9,870,157 758,529 559,168 29,655
Social Service Block Grant - Title XX	93.667	2013	716,639		716,639	716,639	* *	716,639 716,639
Child Support and Paternity Enforcement Fund	93.563	2013	1,328,779		1,328,779	1,328,779	* *	1,328,779 1,328,779
Medical Assistance Program: Title XIX Medical Outstationing	93.778 93.778	2013 2013	1,987,936 345,991		1,987,936 345,991	1,987,936 345,991	* *	1,987,936 345,991
Children Assistance Program Child Health Insurance Program Community Care Waiver	93.767 93.767	2013 2013	1,450,230 450		1,450,230 450	1,450,230 450	* *	1,450,230 450
					2,333,927	2,333,927	*	2,333,927
					1,450,680	1,450,680	*	1,450,680

COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of Federal Awards  
Year ended December 31, 2013

Program	CFDA number	Grant period	Award Amount	Balance at Dec. 31, 2012	Cash Received	Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013	MEMO Cumulative Total Expenditures
National Family Caregiver Support Program Title III E	93.052	2013	25,839		25,839	25,839	*	25,839
					25,839	25,839	*	25,839
Refugee Resettlement Program	93.566	2013	20,229		20,229	20,229	*	20,229
					20,229	20,229	*	20,229
U.S. Department of Agriculture Pass Through Programs from: NJ Division of Family Development: U.S.D.A. Food Stamps Program	10.551	2013	4,837,149		4,837,149	4,837,149	*	4,837,149
					4,837,149	4,837,149	*	4,837,149
Total Federal Awards			\$		21,930,751	21,930,751	*	21,930,751

See Notes to Schedules of Expenditures of Federal and State Awards

COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2013

	Grant number	Grant period	Award Amount	Balance Dec. 31, 2012	Cash Received	Budgetary Expenditures	Deferred Revenue/ (Accounts Receivable) at Dec. 31, 2013	MEMO Cumulative Total Expenditures
New Jersey Department of Human Services (NJ DHS)								
Division of Family Development:								
	100-054-7550-121	2013	5,205,895		5,205,895	5,205,895	*	5,205,895
	100-054-7550-121	2013	2,729,027		2,729,027	2,729,027	*	2,729,027
	100-054-7550-121	2013	2,314,205		2,314,205	2,314,205	*	2,314,205
					10,249,127	10,249,127	*	10,249,127
Pass Through the County of Bergen Division of Senior Services:								
	020-022-665-23-14	2013	30,725		21,580	21,580	*	21,580
					21,580	21,580	*	21,580
Peer Grouping for Home Health Aide Program								
	220-900-665-23-14	2013	979,803		979,803	979,803	*	979,803
	220-900-665-23-14	2013	54,198		54,198	54,198	*	54,198
					1,034,001	1,034,001	*	1,034,001
Adult Protective Services								
	100-046-4275-324	2013	417,641		395,131	395,131	*	395,131
					395,131	395,131	*	395,131
					11,699,839	11,699,839	*	11,699,839
					\$			

See Notes to Schedules of Expenditures of Federal and State Awards



**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

**NOTES TO SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

- NOTE 1.** The accompanying Schedule of Expenditures of Federal and State Awards includes all of the federal and state grant activity of the Board of Social Services and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Federal OMB Circular A-133, Audits of States, Local Governments and nonprofit Organizations and New Jersey OMB Circular 04-04.
- NOTE 2.** The amount represents the federal and state share of disbursements on a fiscal year basis of December 2, 2012 through December 1, 2013 which is the basis used to report to federal and state agencies.

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

*Section I - Summary of Auditor's Results*

**Financial Statements**

		Adverse - GAAP <u>Unmodified - Regulatory</u>
Type of auditor's report issued:		
Internal control over financial reporting:		
1. Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<input checked="" type="checkbox"/> none reported <input type="checkbox"/>
2. Material weakness(es) identified?	_____ yes	<input checked="" type="checkbox"/> no <input type="checkbox"/>
Noncompliance material to basic financial statements noted?	_____ yes	<input checked="" type="checkbox"/> no <input type="checkbox"/>

**Federal Awards**

Internal Control over major programs:		
1. Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<input checked="" type="checkbox"/> none reported <input type="checkbox"/>
2. Material weakness(es) identified?	_____ yes	<input checked="" type="checkbox"/> no <input type="checkbox"/>
Type of auditor's report issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133	_____ yes	<input checked="" type="checkbox"/> no <input type="checkbox"/>

Identification of major programs:

<u>CFDA Number(s)</u>	(A)	<u>Name of Federal Program or Cluster</u>
93.558	(A)	Temporary Assistance to Needy Families

Note: (A) - Tested as Major Type A Program

Dollar threshold used to distinguish between type A and type B programs:		\$ 657,923
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/>	<input type="checkbox"/> no <input checked="" type="checkbox"/>

**COUNTY OF BERGEN**  
**BOARD OF SOCIAL SERVICES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(continued)**

*Section I - Summary of Auditor's Results, (continued)*

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ 350,995

Auditee qualified as low-risk auditee?   X   yes            no

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses?            yes   X   none reported

2. Material weakness(es) identified?            yes   X   no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?            yes   X   no

Identification of major programs:

<b>GMIS Number(s)</b>	<b>(A)</b>	<b>Name of State Program</b>
100-054-7550-121	(A)	Work First New Jersey Cluster

Note: (A) - Tested as Major Type A Program

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

*Section II - Schedule of Financial Statement Findings*

NONE

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

NONE

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**STATUS OF PRIOR YEAR FINDINGS**

NONE