

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
AUDIT OF FINANCIAL STATEMENTS  
AND  
FEDERAL AND STATE GRANT PROGRAMS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
AND REPORT OF INDEPENDENT AUDITOR'S**

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

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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, 2016, 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, 2016, 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 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, 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, 2016 and December 1, 2016, 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, 2016 and December 1, 2016, 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, basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2017 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.

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Certified Public Accountants  
Pompton Lakes, New Jersey

August 3, 2017

COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS  
DECEMBER 31, 2016

	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2016 Assistance Fund	General Fixed Asset Account Group
<b>ASSETS</b>								
Cash and Cash Equivalents								
Fixed Assets								
	\$ 5,016,852	3,200,625	(23,685)	39,150	20,900	130,957	1,648,905	332,378
<b>Total Assets</b>	<u>\$ 5,349,230</u>	<u>\$ 3,200,625</u>	<u>\$ -</u>	<u>\$ 39,150</u>	<u>\$ 20,900</u>	<u>\$ 130,957</u>	<u>\$ 1,648,905</u>	<u>\$ 332,378</u>
<b>LIABILITIES</b>								
Advances Payable								
	55,000				55,000			
<b>Total Liabilities</b>					<u>55,000</u>			
<b>FUND BALANCES</b>								
Fund Balance - Restricted								
Fund Balance - Unrestricted								
Investment in General Fixed Assets								
	\$ (34,100)				(34,100)			
	4,995,952	3,200,625	(23,685)	39,150		130,957	1,648,905	332,378
<b>Total Fund Balances</b>	<u>\$ 5,294,230</u>	<u>\$ 3,200,625</u>	<u>\$ -</u>	<u>\$ 39,150</u>	<u>\$ (34,100)</u>	<u>\$ 130,957</u>	<u>\$ 1,648,905</u>	<u>\$ 332,378</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,349,230</u>	<u>\$ 3,200,625</u>	<u>\$ -</u>	<u>\$ 39,150</u>	<u>\$ 20,900</u>	<u>\$ 130,957</u>	<u>\$ 1,648,905</u>	<u>\$ 332,378</u>

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, 2016

	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2016 Assistance Fund	General Fixed Asset Account Group
<b>TOTAL</b>	<b>\$ 37,942,038</b>	<b>\$ 4,660,981</b>	<b>\$ 965,448</b>	<b>\$ 806,987</b>	<b>\$ 64,536</b>	<b>\$ -</b>	<b>\$ 10,064,762</b>	<b>\$ -</b>
Total Receipts	\$ 54,504,752	\$ 4,660,981	\$ 965,448	\$ 806,987	\$ 64,536	\$ -	\$ 10,064,762	\$ -
Disbursements:								
Fund Disbursement Funds Returned to the State	50,345,374	4,470,962	965,448	810,568	55,472	-	8,777,071	819,778
Total Disbursement	51,165,152	4,470,962	965,448	810,568	55,472	-	9,596,849	-
Excess Receipts Over/Under Disbursements	3,339,600	190,019	-	(3,581)	9,064	-	467,913	-
Transfers out to State	190,022	190,022	-	-	-	-	-	-
General Fixed Assets:								
Additions	28,917	-	-	-	-	-	-	28,917
Deletions	16,492	-	-	-	-	-	-	16,492
Fund Balance, December 31, 2015 (Except for Assistance Fund Balance December 1, 2015)	2,132,227	(23,682)	-	42,731	(43,164)	130,957	1,180,992	319,953
Fund Balance, December 31, 2016 (Except for Assistance Fund Balance December 1, 2016)	\$ 5,294,230	\$ (23,685)	\$ -	\$ 39,150	\$ (34,100)	\$ 130,957	\$ 1,648,905	\$ 332,378
	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, 2016**

**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, 2015 through December 1, 2016 basis.
- Fixed asset purchases are recorded as expenditures when purchased and are capitalized in the General Fixed Assets Account Group. Depreciation is not recorded.
- 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, 2016**

**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, 2016**

**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, 2016 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, 2016, \$-0- of the Board of Social Services bank balance of \$5,137,491 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, 2016

**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**

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

*Public Employees' Retirement System (PERS)*

**Benefits Provided**

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

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

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

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 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Board's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>
2016	\$1,753,199
2015	1,658,528
2014	1,555,169

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

NOTE 3. PENSION PLANS, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2016, the Board had a liability of \$60,639,152 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Board's proportion was .2047434988 percent, which was an increase/(decrease) of .00081956 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Board recognized pension expense of \$1,753,199. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$1,127,704	\$
Changes of assumptions	12,561,193	
Net difference between projected and actual earnings on pension plan investments	2,312,226	
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	<u>476,637</u>	<u>377,967</u>
Total	<u>\$16,477,760</u>	<u>\$377,967</u>

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2016**

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$3,602,508
2018	3,602,508
2019	4,173,626
2020	3,506,456
2021	1,116,025

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Board s Proportion	.2047434988%	.2039239437%

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2016**

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

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

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

NOTE 3. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

NOTE 3. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
Board's proportionate share of the pension liability	\$74,306,203	\$60,639,152	\$49,355,816

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2016**

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

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

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**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, 2016**

**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, 2016 was as follows:

The Bergen County Board of Social Services contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 was \$1,707,568, 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, 2016**

**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, 2016 was \$800.

**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, 2016 was \$15,999.

**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, 2016

**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>
2017	\$91,000	\$17,515	\$108,515
2018	93,000	15,790	108,790
2019	105,000	13,572	118,572
2020	113,000	10,832	123,832
2021	131,000	7,391	138,391
2022-2023	<u>171,000</u>	<u>5,692</u>	<u>176,692</u>
	<u>\$704,000</u>	<u>\$70,792</u>	<u>\$774,792</u>

**NOTE 8: OPERATING LEASES**

The Board of Social Services has commitments to lease a building and office equipment under operating leases. 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 commenced October 1, 2014 and is to terminate September 30, 2029. On December 8, 2014, the lease was amended and will terminate March 31, 2030. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$1,402,500
2018	1,402,500
2019	1,402,500
2020	1,483,167
2021	1,503,333
2022-2026	7,800,833
2027-2030	<u>5,362,500</u>
	<u>\$20,357,333</u>

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2016

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

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$66,302
2018	66,302
2019	62,748
2020	6,355
2021	<u>4,723</u>
	<u>\$206,430</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, 2016 was \$1,120,247.

Unless stated otherwise, all 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.

Employees in the 1031 Union with an effective hire date after January 15, 2013 and employees in the 1089 Union with an effective hire date after May 7, 2013, accrue vacation time at the rate of 12 vacation days per year for years 2 through 5, 15 days per year for years 6 through 12, and 20 days thereafter.

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2016**

**NOTE 10: POTENTIAL LIABILITY FOR ACCRUED SICK TIME AND ACCRUED VACATION TIME, (continued)**

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, 2016 was \$547,762. No provision is made in the financial statements for the accrued value of terminal leave and vacation time.

**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 established amounted to \$813,777 for the year ended December 31, 2016.

**COUNTY OF BERGEN**

**BOARD OF SOCIAL SERVICES**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**DECEMBER 31, 2016**

**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, 2016 was \$692,159,730.

**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	Tenaflly	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 August 3, 2017, no 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, 2016**

RECEIPTS:

## State Treasurer:

## Division of Family Development:

Earned Grant Subsidy	\$ 19,969,772
Child Support Incentives	352,765
Food Stamp Fraud Incentives	52,134
Home Energy Assistance Reimbursements	28,039

## Division of Medical Assistance and Health Services:

Medical Assistance Program	860,919
UNISYS - Division of Developmental Disabilities	255,305
UNISYS - Medical Outstation Workers	407,000
Medically Needy	

## Other Grants:

Medicaid Ives Reimbursement	135,979
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## Other Funds Received from the County:

Appropriations	7,337,321
Adult Protective Services	475,056
Peer Group Funds	403,011
Social Services Block Grant	88,032
CM and Work Activity	58,750
Homeless Funding	14,365
Other	28,253

Employee Contributions	7,475,115
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## Other Additions:

Interest on Investments - Non-Child Support	222
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Total Receipts	<u>37,942,038</u>
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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, 2016**

DISBURSEMENTS:

Operating Disbursements:	
Personal Services Expense	15,986,057
Employee Benefit Plans	8,840,985
Travel Expense	38,102
Office Expense	646,087
Major Equipment Purchases	33,828
Office Space, Rental, Repairs and Alterations	1,397,108
Staff Development and Training	2,632
Purchased Services for Clients	30,374
Miscellaneous Matchable Expenses	51,085
Food Stamp Program Expense	75,420
Child Support and Paternity Expense	39,993
Miscellaneous Nonmatchable Expense	815,396
Reserve for Employee Contributions	<u>7,308,786</u>
 Total Disbursements	 <u>35,265,853</u>
 Excess (Deficit) Receipts Over Disbursements	 2,676,185
 Fund Balance, December 31, 2015	 <u>524,440</u>
 Fund Balance, December 31, 2016	 \$ <u><u>3,200,625</u></u>

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES  
ADMINISTRATION FUND  
SCHEDULE OF NET DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>OPERATING DISBURSEMENTS</u>	<u>BUDGET (1)</u>	<u>ACTUAL NET OPERATING DISBURSEMENTS</u>	<u>VARIANCE (OVER) UNDER</u>
Salaries and Wages	\$ 16,799,658	\$ 15,986,057	\$ 813,601
Employee Benefit Plans	9,474,864	8,840,985	633,879
Travel Expense	49,500	38,102	11,398
Office Expense	844,200	646,087	198,113
Major Equipment Purchases	72,000	33,828	38,172
Office Space, Rental, Repairs & Alterations	1,613,101	1,397,108	215,993
Staff Development and Training	10,000	2,632	7,368
Purchased Services for Clients	65,000	30,374	34,626
Miscellaneous Matchable Expense	69,400	51,085	18,315
Food Stamp Program	562,256	75,420	486,836
Child Support and Paternity	55,169	39,993	15,176
Electronic Data Processing	25,000	-	25,000
Miscellaneous Nonmatchable Expenses	1,358,923	815,396	543,527
	<u>\$ 30,999,071</u>	<u>\$ 27,957,067</u>	<u>\$ 3,042,004</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, 2016**

RECEIPTS:

State Aid Payment Received	\$ 1,917,303
Supplemental Security Income Initial Retro Checks (GA-31)	267,302
Refund - Reported Assistance (GA-12)	12,726
Automatic Recoupments	3,123
Other	<u>2,460,527</u>
Total Receipts	<u>4,660,981</u>

DISBURSEMENTS:

GA Expenditures (Eligible) - (GA-6A)	4,466,505
Supplemental Security Income Payments (GA-31)	4,230
Other	<u>227</u>
Total Disbursements	<u>4,470,962</u>

Excess (Deficit) Receipts Over Disbursements	190,019
Transfer Out to State	<u>(190,022)</u>
Excess (Deficit) Receipts Over Disbursements and Transfers	(3)
Fund Balance, December 31, 2015	<u>(23,682)</u>
Fund Balance, December 31, 2016	<u>\$ (23,685)</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, 2016**

RECEIPTS:

Overpayments	\$ 254,515
Probation and LRR	483,527
Food Stamp Recoupment for Overissuances	105,177
Medicaid Recoupment	82,138
Other	<u>40,091</u>
Total Receipts	<u>965,448</u>

DISBURSEMENTS:

Assistance Payments	253,878
Medical Assistance	565,665
State Treasurer - Food Stamp Recoupments	105,177
Other	<u>40,728</u>
Total Disbursements	<u>965,448</u>

Excess (Deficit) Receipts Over Disbursements

-

Fund Balance, December 31, 2015

-

Fund Balance, December 31, 2016

\$ -

**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, 2016**

RECEIPTS:

Regular Collections	\$ 781,620
Direct Payments	<u>25,367</u>
Total Receipts	<u>806,987</u>

DISBURSEMENTS:

Refunds to Assistance Account	357,829
Incentive Payments	357,829
Payments to Clients	57,157
Other	<u>37,753</u>
Total Disbursements	<u>810,568</u>

Excess (Deficit) Receipts Over Disbursements	(3,581)
Fund Balance, December 31, 2015	<u>42,731</u>
Fund Balance, December 31, 2016	<u>\$ 39,150</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, 2016**

RECEIPTS:

Assistance Fund Reimbursements	\$ <u>64,536</u>
Total Receipts	<u>64,536</u>

DISBURSEMENTS:

Administration Disbursements	<u>55,472</u>
Total Disbursements	<u>55,472</u>

Excess (Deficit) Receipts Over Disbursements	9,064
Fund Balance, December 31, 2015	<u>(43,164)</u>
Fund Balance, December 31, 2016	<u><u>\$ (34,100)</u></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, 2016**

RECEIPTS:

State Treasurer	\$ 1,678,932
County Treasurer	1,443,806
Federal	6,405,688
Clearing Fund - County Reimbursement	45,012
Clearing Fund - State Reimbursement	21,281
Clearing Fund - Federal Reimbursement	371,972
Child Support and Paternity Funds - Disregards	<u>98,071</u>
Total Receipts	<u>10,064,762</u>

NET DISBURSEMENTS BY PROGRAM:

Assistance to Supplemental Security Income Recipients	1,767,906
Temporary Assistance to Needy Families	4,418,429
Child Support and Paternity Disregards	98,071
Refugee Resettlement Program	<u>89,214</u>
Total Net Program and Fund Disbursements	<u>6,373,620</u>

OTHER DISBURSEMENTS:

Funds Returned to the State	819,778
Electronic Benefit Transfer	<u>2,403,451</u>
Total Other Disbursements	<u>3,223,229</u>
Total Disbursements	<u>9,596,849</u>
Excess (Deficit) Receipts Over Disbursements	467,913
Fund Balance, December 1, 2015	<u>1,180,992</u>
Fund Balance, December 1, 2016	<u>\$ 1,648,905</u>

# Ferraioli, Wielkotz, 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, 2016 and for the period ended December 1, 2016, and the related notes to the financial statements, and have issued our report thereon dated August 3, 2017, 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.

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Registered Municipal Accountant  
No. CR00413

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Pompton Lakes, New Jersey

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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 THE UNIFORM GUIDANCES AND N.J. OMB CIRCULAR 15-08**

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 OMB Compliance Supplement and N.J. Office of Management and Budget (OMB) Circular 15-08 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, 2016 and for the period ended December 1, 2016. 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 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 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 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, 2016 and for the period ended December 1, 2016.

### **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 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 state program and to test and report on internal control over compliance with the Uniform Guidance and N.J. OMB Circular 15-08, 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 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 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 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 the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Steven D. Wielkotz*

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

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Certified Public Accountants  
Pompton Lakes, New Jersey

August 3, 2017

COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	MEMO
						Cumulative Total Expenditures
U. S. Department of Health and Human Services (USDHHS) New Jersey Department of Human Services (NJDHHS) 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	2016 2016 2016 2016	3,948,805 829,707 512,888 4,450	3,948,805 829,707 512,888 4,450	3,948,805 * 829,707 * 512,888 * 4,450 *	3,948,805 829,707 512,888 4,450
				5,295,850	5,295,850 *	5,295,850
Social Service Block Grant - Title XX	93.667	2016	672,039	672,039	672,039 *	672,039
				672,039	672,039 *	672,039
Child Support and Paternity Enforcement Fund	93.563	2016	1,403,617	1,403,617	1,403,617 *	1,403,617
				1,403,617	1,403,617 *	1,403,617
Medical Assistance Program: Title XIX Medical Outstationing	93.778 93.778	2016 2016	4,365,387 453,639	4,365,387 453,639	4,365,387 * 453,639 *	4,365,387 453,639
				4,819,026	4,819,026 *	4,819,026
Children Assistance Program Child Health Insurance Program	93.767	2016	132,360	132,360	132,360 *	132,360
				132,360	132,360 *	132,360

COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of Federal Awards  
Year ended December 31, 2016

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	MEMO
						Cumulative Total Expenditures
Refugee Resettlement Program	93.566	2016	89,214	89,214	89,214	89,214
				89,214	89,214	89,214
U.S. Department of Agriculture Pass Through Programs from: NJ Division of Family Development: Supplemental Nutrition Assistance Program	10.561	2016	4,943,147	4,943,147	4,943,147	4,943,147
				4,943,147	4,943,147	4,943,147
Total Federal Awards			\$ 17,355,253	17,355,253	17,355,253	17,355,253

Note: This schedule was subject to an audit in accordance with OMB Uniform Guidance

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, 2016

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	MEMO Cumulative Total Expenditures
New Jersey Department of Human Services (NJ DHS)						
Division of Family Development:						
WFNJ General Assistance	100-054-7550-121	2016	6,049,831	6,049,831	6,049,831 *	6,049,831
WFNJ General Assistance - Administrative Costs	100-054-7550-121	2016	3,034,898	3,034,898	3,034,898 *	3,034,898
Supplemental Security Income	100-054-7550-121	2016	1,325,929	1,325,929	1,325,929 *	1,325,929
				<u>10,410,658</u>	<u>10,410,658</u>	<u>10,410,658</u>
Pass Through the County of Bergen Division of Senior Services:						
TANF Transportation Wrap-Around	020-022-665-23-14	2016	8,240	8,240	8,240 *	8,240
				<u>8,240</u>	<u>8,240</u>	<u>8,240</u>
Peer Grouping for Home Health Aide Program						
Certified Home Health Aid - SSBC	220-900-665-23-14	2016	357,358	357,358	357,358 *	357,358
	220-900-665-23-14	2016	121,295	121,295	121,295 *	121,295
				<u>478,653</u>	<u>478,653</u>	<u>478,653</u>
Adult Protective Services						
	100-046-4275-324	2016	475,056	475,056	475,056 *	475,056
				<u>475,056</u>	<u>475,056</u>	<u>475,056</u>
Total State Awards			\$ 11,372,607	<u>11,372,607</u>	<u>11,372,607</u>	<u>11,372,607</u>

Note: This schedule was subject to an audit in accordance with NJ OMB 15-08

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, 2016**

- 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 the Uniform Guidance and New Jersey OMB Circular 15-08.
- NOTE 2.** The amount represents the federal and state share of disbursements on a fiscal year basis of December 2, 2015 through December 1, 2016 which is the basis used to report to federal and state agencies.
- NOTE 3.** The Board of Social Services has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

*Section I - Summary of Auditor's Results*

**Financial Statement Section**

- |   | <u>Adverse - GAAP basis/<br/>unmodified - regulatory basis</u> |                   |
|---|--|-------------------|
| A) Type of auditor's report issued:   | <u>unmodified</u>  |                   |
| B) Internal control over financial reporting:   |  |                   |
| 1. Material weakness(es) identified?  | _____ yes  | _____ <u>X</u> no |
| 2. Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes  | _____ <u>X</u> no |
| C) Noncompliance material to general-purpose Financial statements noted?                        | _____ yes  | _____ <u>X</u> no |

**Federal Awards Section**

- |   |                   |                   |
|---|-------------------|-------------------|
| D) Dollar threshold used to distinguish between Type A programs:  | \$ <u>750,000</u> |                   |
| E) Auditee qualified as low-risk auditee?   | _____ yes         | _____ <u>X</u> no |
| F) Type of auditors' report on compliance for major programs:   | <u>unmodified</u> |                   |
| G) Internal control over compliance:  |                   |                   |
| 1. Material weakness(es) identified?  | _____ yes         | _____ <u>X</u> no |
| 2. Were significant deficiencies identified that were not considered to be material weaknesses?           | _____ yes         | _____ <u>X</u> no |
| H) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | _____ yes         | _____ <u>X</u> no |
| I) Identification of major programs:  |                   |                   |

<u>CFDA Number(s)</u>	
<u>93.558</u>	(A)
<u>93.778</u>	(A)

<u>Name of Federal Program or Cluster</u>
<u>Temporary Assistance to Needy Families</u>
<u>Medical Assistance Program</u>

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, 2016**

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

**State Awards Section**

- J) Dollar threshold used to distinguish between Type A programs: \$ 750,000
- K) Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no
- L) Type of auditors' report on compliance for major programs: unmodified
- M) Internal control over compliance:
1. Material weakness(es) identified? \_\_\_\_\_ yes      X   no
2. Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes      X   no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? \_\_\_\_\_ yes      X   no
- O) Identification of major programs:

GMIS Number(s)  
100-054-7550-121      (A)

Name of Federal Program or Cluster  
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, 2016**

*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**

**GENERAL COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**COMMENTS:**

NONE

**RECOMENDATIONS:**

NONE

**COUNTY OF BERGEN  
BOARD OF SOCIAL SERVICES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**STATUS OF PRIOR YEAR FINDINGS**

NONE