

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES
AUDIT OF FINANCIAL STATEMENTS
AND
FEDERAL AND STATE GRANT PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2020
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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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, 2020 and December 1, 2020, 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, 2020 and December 1, 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2021 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. Wielkocz

Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
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Wielkocz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 5, 2021

COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES

COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - REGULATORY BASIS
DECEMBER 31, 2020

	TOTAL	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2020 Assistance Fund	General Fixed Asset Account Group
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 4,583,230	3,476,719			49,724	22,697	130,957	903,133	
Due from State of New Jersey	37,761		37,761						
Fixed Assets	959,169								959,169
Total Assets	\$ 5,580,160	\$ 3,476,719	\$ 37,761	\$ -	\$ 49,724	\$ 22,697	\$ 130,957	\$ 903,133	\$ 959,169
<u>LIABILITIES</u>									
Advances Payable	\$ 57,784					57,784			
Cash Deficit	37,761		37,761						
Total Liabilities	95,545	-	37,761	-	-	57,784	-	-	-
<u>FUND BALANCES</u>									
Fund Balance - Restricted	\$ (35,087)					(35,087)			
Fund Balance - Unrestricted	4,560,533	3,476,719			49,724		130,957	903,133	
Investment in General Fixed Assets	959,169								959,169
Total Fund Balances	\$ 5,484,615	\$ 3,476,719	\$ -	\$ -	\$ 49,724	\$ (35,087)	\$ 130,957	\$ 903,133	\$ 959,169
Total Liabilities and Fund Balances	\$ 5,580,160	\$ 3,476,719	\$ 37,761	\$ -	\$ 49,724	\$ 22,697	\$ 130,957	\$ 903,133	\$ 959,169

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, 2020

	Administration Fund	General Assistance Fund	Clearing Fund	Child Support and Paternity Fund	Reach Account	Unemployment Trust Fund	December 1, 2020 Assistance Fund	General Fixed Asset Account Group
Total Receipts	\$ 37,897,503	\$ 3,277,699	\$ 463,712	\$ 1,110,311	\$ 12,819	\$ -	\$ 6,984,672	\$ -
Disbursements:								
Fund Disbursement Funds Returned to the State	47,380,939	2,796,333	463,712	1,088,718	10,536		6,212,434	
	796,569						796,569	
Total Disbursement	48,177,508	2,796,333	463,712	1,088,718	10,536	-	7,009,003	-
Excess Receipts Over/Under Disbursements	1,569,208	481,366	-	21,593	2,283	-	(24,331)	-
Transfers out to State	469,284	469,284						
General Fixed Assets: Additions	257,347							257,347
Deletions	-							
Fund Balance, December 31, 2019 (Except for Assistance Fund Balance December 1, 2019)	4,139,426	-	-	28,131	(37,370)	130,957	927,464	701,822
Fund Balance Adjustment Net Due (To)/From State of New Jersey	(12,082)	(12,082)						
Fund Balance, December 31, 2020 (Except for Assistance Fund Balance December 1, 2020)	\$ 3,476,719	\$ -	\$ -	\$ 49,724	\$ (35,087)	\$ 130,957	\$ 903,133	\$ 959,169
Back-up Schedule (if applicable)	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, 2020

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 Commissioners 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 as amended by GASB Statements No. 39 and No. 61.

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, 2019 through December 1, 2020 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, 2020

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, 2020

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, 2020 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, 2020, \$-0- of the Board of Social Services bank balance of \$4,888,797 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, 2020

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.nj.gov/treasury/pensions/financial-reports.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, 2020

NOTE 3. PENSION PLANS, (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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, 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. In the PERS, 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>
2020	\$2,232,914
2019	2,029,132
2018	2,067,000

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, 2020

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, 2020, the Board had a liability of \$33,285,801 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Board's proportion was 0.2041148948 percent, which was a decrease of 0.0044921434 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Board recognized pension expense of \$2,232,914. At December 31, 2020, 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	\$606,080	\$117,713
Changes of assumptions	1,079,829	13,937,080
Net difference between projected and actual earnings on pension plan investments	1,137,735	
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	<u>373,712</u>	<u>815,362</u>
Total	<u>\$3,197,356</u>	<u>\$14,870,155</u>

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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, 2020) 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:	
2021	(\$4,176,759)
2022	(3,807,935)
2023	(2,176,137)
2024	(879,993)
2025	(190,324)

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 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$2,347,583,337	\$3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	16,435,616,426	18,018,482,972
Board's Proportion	.002041148948%	.002086070382%

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 3. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019. 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 Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2020.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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 (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 3. PENSION PLANS, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020 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, 2020		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Board's proportionate share of the pension liability	\$41,969,018	\$33,285,801	\$25,917,855

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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.

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 3, the Board of Social Services provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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

or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Total OPEB Liability

The following Other Post Employment Benefit information is as of June 30, 2019 which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2020. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current Other Post Employment Benefit information is available.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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

At December 31, 2019, the Board of Social Services had a liability of \$41,910,867 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Board of Social Services's proportion of the net OPEB liability was based on a projection of the Board of Social Services's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2019, the Board of Social Services's proportion was 0.309395 percent.

For the year ended December 31, 2019, the Board of Social Services recognized OPEB benefit of \$1,471,632. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$12,256,370
Changes of assumptions		14,852,279
Net difference between projected and actual earnings on OPEB plan investments	\$34,523	
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	<u>1,380,985</u>	<u>7,768,804</u>
Total	<u>\$1,415,508</u>	<u>\$34,877,453</u>

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

Year ended June 30:	
2020	\$(4,409,502)
2021	(4,409,502)
2022	(4,412,208)
2023	(4,416,583)
2024	(4,420,580)
Thereafter	(5,005,752)

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 4: OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)

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 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

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

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected.. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Board of Social Services's proportionate share of the net OPEB liability as of June 30, as well as what the Board of Social Services's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>2.50%</u>	At Current Discount Rate <u>3.50%</u>	1% Increase <u>4.50%</u>
Board of Social Services's proportionate share of Net OPEB liability	\$48,459,623	\$41,910,867	\$36,589,136

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

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

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Board of Social Services's proportionate share of the net OPEB liability as of June 30, as well as what the Board of Social Services's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2019		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Board of Social Services's proportionate share of Net OPEB liability	\$35,367,607	\$41,910,867	\$50,257,896

NOTE 5: 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, 2020

NOTE 5: 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>
2021	\$131,000	\$7,391	\$138,391
2022	80,000	4,209	84,209
2023	91,000	1,483	92,483
Thereafter	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$302,000</u>	<u>\$13,083</u>	<u>\$315,083</u>

NOTE 6: LONG TERM OBLIGATIONS

The Board of Social Services entered into capital lease obligations for two police interceptors expiring on January 1, 2022. The following is a schedule of future minimum lease payments for this capital lease and the present value of the net minimum lease payments at December 31, 2020:

<u>Year Ending Dec. 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$17,536	\$835	\$18,371
2022	<u>1,522</u>	<u>10</u>	<u>1,532</u>
	<u>\$19,058</u>	<u>\$845</u>	<u>\$19,903</u>

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 7: 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>
2021	\$1,497,833
2022	1,512,500
2023	1,512,500
2024	1,512,500
2025	1,604,167
2026-2030	<u>5,912,500</u>
	<u>\$13,552,000</u>

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>
2021	\$42,389
2022	35,759
2023	33,002
2024	19,593
2025	<u>1,202</u>
	<u>\$131,945</u>

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 8: 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 9: 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, 2020 was \$1,058,963.

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.

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, 2020 was \$1,139,798. 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, 2020

NOTE 10: 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 \$325,829 for the year ended December 31, 2020.

NOTE 11: 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, 2020 was \$825,870,325.

COUNTY OF BERGEN

BOARD OF SOCIAL SERVICES

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2020

NOTE 12: 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	Edgewater	Elmwood Park	Emerson	Englewood
Englewood Cliffs	Fairlawn	Franklin Lakes	Garfield	Glen Rock
Hackensack	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 13. OTHER MATTERS

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the ratepayers of the County of Bergen. The County and the Board have identified several risks as a result of this pandemic, including a possible delay in collection of revenues and cash flow shortages as the result of these delayed collection. Both the Board and the County will continue to monitor the situation closely.

NOTE 14. SUBSEQUENT EVENT

The Board has evaluated subsequent events through August 5, 2021, 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, 2020**

RECEIPTS:

State Treasurer:

Division of Family Development:

Earned Grant Subsidy	\$ 16,948,103
Child Support Incentives	496,143
Food Stamp Fraud Incentives	15,592
GA & HEA Reimbursements	25,482

Division of Medical Assistance and Health Services:

Medical Assistance Program	960,555
UNISYS - Division of Developmental Disabilities	664,306
UNISYS - Medical Outstation Workers	404,854
Medically Needy Program	239,118

Other Grants:

Medicaid Ives Reimbursement	73,245
FEMA Grant	35,341
CARES Act	58,358
CRF	449,778
Other	194

Other Funds Received from the County:

Appropriations	8,174,256
Peer Group Funds	316,690
Other	684,353

Employee Contributions

8,350,914

Other Additions:

Non TANF Application Fees - Child Support	138
Interest on Investments - Non-Child Support	83

Total Receipts

 37,897,503

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES
ADMINISTRATION FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

DISBURSEMENTS:

Operating Disbursements:	
Personal Services Expense	16,438,934
Employee Benefit Plans	8,467,203
Travel Expense	32,139
Office Expense	486,101
Major Equipment Purchases	433
Office Space, Rental, Repairs and Alterations	1,666,721
Staff Development and Training	1,837
Purchased Services for Clients	4,894
Miscellaneous Matchable Expenses	45,197
Food Stamp Program Expense	2,888
Child Support and Paternity Expense	85,087
Electronic Data Processing Expense	26,010
Miscellaneous Nonmatchable Expense	1,248,468
Reserve for Employee Contributions	<u>8,303,294</u>
Total Disbursements	<u>36,809,206</u>
Excess (Deficit) Receipts Over Disbursements	1,088,297
Fund Balance, December 31, 2019	<u>2,388,422</u>
Fund Balance, December 31, 2020	<u>\$ 3,476,719</u>

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES
ADMINISTRATION FUND
SCHEDULE OF NET DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>OPERATING DISBURSEMENTS</u>	<u>BUDGET (1)</u>	<u>ACTUAL NET OPERATING DISBURSEMENTS</u>	<u>VARIANCE (OVER) UNDER</u>
Salaries and Wages	\$ 17,229,832	\$ 16,438,934	\$ 790,898
Employee Benefit Plans	8,937,334	8,467,203	470,131
Travel Expense	73,571	32,139	41,432
Office Expense	651,000	486,101	164,899
Major Equipment Purchases	20,000	433	19,567
Office Space, Rental, Repairs & Alterations	1,799,584	1,666,721	132,863
Staff Development and Training	12,000	1,837	10,163
Purchased Services for Clients	38,604	4,894	33,710
Miscellaneous Matchable Expense	66,300	45,197	21,103
Food Stamp Program	70,000	2,888	67,112
Child Support and Paternity	85,087	85,087	-
Electronic Data Processing	26,010	26,010	-
Miscellaneous Nonmatchable Expenses	958,594	1,248,468	(289,874)
	<u>\$ 29,967,916</u>	<u>\$ 28,505,912</u>	<u>\$ 1,462,004</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, 2020**

RECEIPTS:

State Aid Payment Received	\$ 1,346,997
Supplemental Security Income Initial Retro Checks (GA-31)	534,240
Refund - Reported Assistance (GA-12)	11,817
Automatic Recoupments	2,078
Other: EBT Net	<u>1,382,567</u>
Total Receipts	<u>3,277,699</u>

DISBURSEMENTS:

GA Expenditures (Eligible) - (GA-6A)	<u>2,796,333</u>
Total Disbursements	<u>2,796,333</u>
Excess (Deficit) Receipts Over Disbursements	481,366
Transfer Out to State	<u>(469,284)</u>
Excess (Deficit) Receipts Over Disbursements and Transfers	12,082
Net Due (To)/From State of New Jersey	(12,082)
Fund Balance, December 31, 2019	<u>-</u>
Fund Balance, December 31, 2020	<u><u>\$ -</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, 2020**

RECEIPTS:

Overpayments	\$ 21,538
Probation and LRR	261,928
Food Stamp Recoupment for Overissuances	25,556
Medicaid Recoupment	17,659
Other	<u>137,031</u>
Total Receipts	<u>463,712</u>

DISBURSEMENTS:

Assistance Payments	139,670
Medical Assistance	279,587
State Treasurer - Food Stamp Recoupments	25,556
Other	<u>18,899</u>
Total Disbursements	<u>463,712</u>

Excess (Deficit) Receipts Over Disbursements	-
Fund Balance, December 31, 2019	<u>-</u>
Fund Balance, December 31, 2020	<u><u>\$ -</u></u>

**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, 2020**

RECEIPTS:

Regular Collections	\$ 1,105,104
Direct Payments	<u>5,207</u>
Total Receipts	<u>1,110,311</u>

DISBURSEMENTS:

Refunds to Assistance Account	521,197
Incentive Payments	521,197
Payments to Clients	37,419
Other	2,260
Prior Year Miscellaneous	<u>6,645</u>
Total Disbursements	<u>1,088,718</u>

Excess (Deficit) Receipts Over Disbursements	21,593
Fund Balance, December 31, 2019	<u>28,131</u>
Fund Balance, December 31, 2020	<u><u>\$ 49,724</u></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, 2020**

RECEIPTS:

Assistance Fund Reimbursements	\$ <u>12,819</u>
Total Receipts	<u>12,819</u>

DISBURSEMENTS:

Administration Disbursements	<u>10,536</u>
Total Disbursements	<u>10,536</u>

Excess (Deficit) Receipts Over Disbursements	2,283
Fund Balance, December 31, 2019	<u>(37,370)</u>
Fund Balance, December 31, 2020	<u><u>\$ (35,087)</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, 2020**

RECEIPTS:

State Treasurer	\$ 1,240,000
County Treasurer	1,314,940
Federal	3,848,040
Clearing Fund - County Reimbursement	56,750
Clearing Fund - State Reimbursement	17,877
Clearing Fund - Federal Reimbursement	468,880
Child Support and Paternity Funds - Disregards	<u>38,185</u>
Total Receipts	<u>6,984,672</u>

NET DISBURSEMENTS BY PROGRAM:

Assistance to Supplemental Security Income Recipients	1,704,475
Temporary Assistance to Needy Families	2,853,815
Child Support and Paternity Disregards	<u>38,184</u>
Total Net Program and Fund Disbursements	<u>4,596,474</u>

OTHER DISBURSEMENTS:

Funds Returned to the State	796,569
Electronic Benefit Transfer	<u>1,615,960</u>
Total Other Disbursements	<u>2,412,529</u>
Total Disbursements	<u>7,009,003</u>
Excess (Deficit) Receipts Over Disbursements	(24,331)
Fund Balance, December 1, 2019	<u>927,464</u>
Fund Balance, December 1, 2020	<u>\$ 903,133</u>

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. Wielkotz

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

Wielkotz & Company, LLC

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Certified Public Accountants
Pompton Lakes, New Jersey

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, 2020 and for the period ended December 1, 2020.

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. Wielkatz

Steven D. Wielkatz, C.P.A.
Registered Municipal Accountant
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WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 5, 2021

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO</u>
						<u>Cumulative Total Expenditures</u>
U. S. Department of Health and Human Services (USDMHHS) 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	2020 2020 2020 2020	2,648,621 432,606 472,716 4,190	2,648,621 432,606 472,716 4,190	2,648,621 * 432,606 * 472,716 * 4,190 *	2,648,621 432,606 472,716 4,190
				<u>3,558,133</u>	<u>3,558,133</u>	<u>3,558,133</u>
						*
Social Service Block Grant - Title XX	93.667	2020	756,695	756,695	756,695 *	756,695
				<u>756,695</u>	<u>756,695</u>	<u>756,695</u>
						*
Child Support and Paternity Enforcement Fund	93.563	2020	1,722,558	1,722,558	1,722,558 *	1,722,558
				<u>1,722,558</u>	<u>1,722,558</u>	<u>1,722,558</u>
						*
Medical Assistance Program: Title XIX Medical Outstationing	93.778 93.778	2020 2020	6,161,114 401,193	6,161,114 401,193	6,161,114 * 401,193 *	6,161,114 401,193
				<u>6,562,307</u>	<u>6,562,307</u>	<u>6,562,307</u>

COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	MEMO
						Cumulative Total Expenditures
U. S. Department of Health and Human Services (USDMMHHS) New Jersey Department of Human Services (NJDHHS) Pass Through Programs from: NJ Division of Family Development: Children Assistance Program Child Health Insurance Program	93.767	2020	145,906	145,906	145,906 *	145,906
				145,906	145,906 *	145,906
U.S. Department of Agriculture Pass Through Programs from: NJ Division of Family Development (NJDFD): Supplemental Nutrition Assistance Program	10.561	2020	4,753,319	4,753,319	4,753,319 *	4,753,319
				4,753,319	4,753,319 *	4,753,319
U.S. Department of Treasury Pass Through Programs from: NJ Division of Family Development (NJDFD): COVID Relief Fund (CRF) Funding	21.019	2020	449,778	449,778	449,778 *	449,778
				449,778	449,778 *	449,778
Pass Through the County of Bergen: CARES Act	21.019	2020	58,358	58,358	58,358 *	58,358
				58,358	58,358 *	58,358

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES**

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

<u>Program</u>	<u>CFDA number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
U.S. Department of Homeland Security Pass Through Programs from: N.J. Office of Emergency Management (NJOEM): FEMA Public Assistance Program (COVID-19)	97.036	2020	35,341	35,341	35,341 *	35,341
				35,341	35,341 *	35,341
U.S. Department of Community Affairs Home Energy Assistance Program	93.568	2020	25,482	25,482	25,482 *	25,482
				25,482	25,482 *	25,482
Total Federal Awards			\$ 18,067,877 *	18,067,877 *	18,067,877 *	18,067,877

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, 2019

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	MEMO Cumulative Total Expenditures
New Jersey Department of Human Services (NJHHS)						
Division of Family Development:						
WFNJ General Assistance	100-054-7550-121	2020	3,327,591	3,327,591	3,327,591 *	3,327,591
WFNJ General Assistance - Administrative Costs	100-054-7550-121	2020	2,315,817	2,315,817	2,315,817 *	2,315,817
Supplemental Security Income	100-054-7550-121	2020	1,278,356	1,278,356	1,278,356 *	1,278,356
			6,921,764	6,921,764	6,921,764 *	6,921,764
						*
Peer Grouping for Home Health Aide Program	220-900-665-23-14	2020	244,453	244,453	244,453 *	244,453
Certified Home Health Aid - SSBG	220-900-665-23-14	2020	104,566	104,566	104,566 *	104,566
			349,019	349,019	349,019 *	349,019
						*
Adult Protective Services	100-046-4275-324	2020	504,907	504,907	504,907 *	504,907
			504,907	504,907	504,907 *	504,907
Total State Awards			\$ 7,775,690	7,775,690	7,775,690 *	7,775,690

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, 2020

- 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, 2019 through December 1, 2020 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, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

	Adverse - GAAP basis/ unmodified - regulatory basis	
A) Type of auditor's report issued:		
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?	_____ <u>X</u> yes	_____ 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

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

I) Identification of major programs:

<u>CFDA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
<u>93.558</u>	(A)	<u>TANF Cluster</u>
<u>93.667</u>	(A)	<u>Social Services Block Grant (SSBG)</u>
<u>21.019</u>	(B)	<u>Coronavirus Relief Fund</u>

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

State Awards Section

J) Dollar threshold used to distinguish between Type A programs:

\$ 750,000

K) Auditee qualified as low-risk auditee?

X yes _____ 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:

<u>GMIS Number(s)</u>		<u>Name of Federal Program or Cluster</u>
<u>100-054-7550-121</u>	(A)	<u>Work First New Jersey Cluster</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, 2020

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, 2020

STATUS OF PRIOR YEAR FINDINGS

NONE

**COUNTY OF BERGEN
BOARD OF SOCIAL SERVICES**

**GENERAL COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

COMMENTS:

NONE

RECOMENDATIONS:

NONE