

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE  
AND SOCIAL SERVICES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2013

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
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COUNTY OF WARREN DIVISION OF  
TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013



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### Independent Auditors' Report

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
Division of Temporary Assistance and Social Services  
Belvidere, New Jersey

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

We have audited the financial statements – *regulatory* basis – of the various funds of the County of Warren, Division of Temporary Assistance and Social Services (the "Division"), a component unit of the County of Warren, as of and for the year ended December 31, 2013 (December 1, 2013 for the Assistance Account), and the related notes to the financial statements, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Department of Human Services, Division of Family Development, State of New Jersey (the "Division of Local Government Services") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this balance sheet that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Department, 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 balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division's preparation and fair presentation of the balance sheet 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 Division'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 balance sheet.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note B, the financial statements are prepared by the Division on the basis of accounting practices prescribed or permitted by the Department to demonstrate compliance with the Department's regulatory basis of accounting, 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 does not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Division as of December 31, 2013 (December 1, 2013 for the Assistance Account), or the changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the various funds of the Division as of December 31, 2013 (December 1, 2013 for the Assistance Account), and the results of its operations and changes in fund balance for the year ended December 31, 2013 (December 1, 2013 for the Assistance Account) on the basis of accounting practices prescribed or permitted by the Department to demonstrate compliance with the Department's regulatory basis of accounting, as described in Note B.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Division's financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.


The supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
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**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2014 on our consideration of the Division'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 Division's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
July 24, 2014

  
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NISIVOCCIA LLP

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS  
DECEMBER 31, 2013 (DECEMBER 1, 2013 FOR THE ASSISTANCE FUND)

	Total	Assistance Fund	Administration Fund	Clearing Fund	Child Support And Paternity Fund	Reach Account	General Fixed Assets Account Group
<b>Assets</b>							
Cash and Cash Equivalents	\$ 524,535	\$ 271,010	\$ 174,433	\$ 9,010	\$ 47,547	\$ 22,535	
Fixed Assets	139,735						\$ 139,735
Total assets	<u>\$ 664,270</u>	<u>\$ 271,010</u>	<u>\$ 174,433</u>	<u>\$ 9,010</u>	<u>\$ 47,547</u>	<u>\$ 22,535</u>	<u>\$ 139,735</u>
<b>Fund Balances</b>							
Fund Balances:							
Restricted	\$ 340,102	\$ 271,010		\$ 9,010	\$ 47,547	\$ 12,535	
Unrestricted	184,433		\$ 174,433			10,000	
Investment in Fixed Assets	139,735						\$ 139,735
Total Fund Balances	<u>\$ 664,270</u>	<u>\$ 271,010</u>	<u>\$ 174,433</u>	<u>\$ 9,010</u>	<u>\$ 47,547</u>	<u>\$ 22,535</u>	<u>\$ 139,735</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2013 (DECEMBER 1, 2013 FOR THE ASSISTANCE FUND)

	Total	Assistance Fund	Administration Fund	Clearing Fund	Child Support And Paternity Fund	General Assistance Fund	Reach Account	General Fixed Assets Account Group
<u>TOTAL RECEIPTS</u>	<u>\$ 13,353,256</u>	<u>\$ 2,916,379</u>	<u>\$ 9,141,865</u>	<u>\$ 38,739</u>	<u>\$ 461,886</u>	<u>\$ 780,322</u>	<u>\$ 14,065</u>	<u>\$ 38,872</u>
<u>DISBURSEMENTS</u>								
Fund Disbursements	9,355,160	2,952,222	5,170,054	33,579	459,729	726,164	13,412	
Funds Returned to County	3,825,341		3,825,341					
Funds Returned to State	84,662					84,662		
Total Disbursements	<u>13,265,163</u>	<u>2,952,222</u>	<u>8,995,395</u>	<u>33,579</u>	<u>459,729</u>	<u>810,826</u>	<u>13,412</u>	
Excess/(Deficit) of Receipts over/ (under) Disbursements	157,469	(35,843)	146,470	5,160	2,157		653	38,872
Fund Balance at December 31, 2012	<u>506,801</u>	<u>306,853</u>	<u>27,963</u>	<u>3,850</u>	<u>45,390</u>		<u>21,882</u>	<u>\$ 100,863</u>
Fund Balance at December 31, 2013	<u>\$ 664,270</u>	<u>\$ 271,010</u>	<u>\$ 174,433</u>	<u>\$ 9,010</u>	<u>\$ 47,547</u>	<u>\$ -0-</u>	<u>\$ 22,535</u>	<u>\$ 139,735</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

Note A: Nature of Operations

The County of Warren Division of Temporary Assistance and Social Services (the "Division") is a division of the County of Warren. The Director is the chief executive officer who carries out the administrative duties and policies of the Division. By law, the Division administers the various Public Welfare and Social Service programs under the supervision of the New Jersey State Division of Family Development, Division of Youth and Family Services, the Division of Medical Assistance and Health Services, and the Division on Aging.

The County of Warren Division of Temporary Assistance and Social Services provides Warren County residents with financial assistance through Temporary Assistance to Needy Families ("TANF"), General Assistance Program, Child Support and Paternity Services, Food Stamps, Medicaid, Medically Needy, employment programs, homeless services and other social service programs.

The Division provides services to recipients of TANF, Medicaid, Supplemental Security Income and to individuals and families who are eligible under federal income guidelines. Adults in need of protection are served without regard to income as an eligibility factor.

Note B: Summary of Significant Accounting Policies

The accounting principles of the County of Warren Division of Temporary Assistance and Social Services conform to the cash basis of accounting which has been prescribed or permitted by the Division of Family Development, Department of Human Services, State of New Jersey. The following is a summary of the significant policies:

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining The Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to resources and significance) should be included in the financial reporting entities. The Division would be considered a component unit of the County of Warren based on the requirements of the GASB. However, as the reporting entity of the County of Warren was established in accordance with New Jersey statutes, the primary government financial statements do not include reporting on component units.

Basis of Accounting - Revenue, including grants, is recorded as received in cash rather than when earned. Expenses are recognized when paid rather than when the obligation is incurred. Unexpended cash balances at December 31, of each year are automatically held for use in subsequent years. Assistance Account transactions, after the first of each month, are reflected in the subsequent month's activity. The Assistance Account report reflects financial activity in each year for the period of December 2 of the prior year through December 1 of the current year.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note B: Summary of Significant Accounting Policies (Cont'd)

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments, if any, are stated at cost or amortized cost, which approximates market.

Inventory of Supplies - The costs of inventories of supplies are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the combined statement of assets, liabilities and fund balances arising from cash transactions.

Fixed Assets - Equipment purchases are recorded as expenditures at the time of purchase and are not capitalized in the individual accounts/funds.

General Fixed Assets Account Group - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by the "Investment in Fixed Assets". When properties are retired or otherwise disposed of, the asset and the Investment in Fixed Assets are adjusted accordingly. Fixed assets are reviewed for impairment.

Contributed Facilities – The Division occupies, without charge, premises located in government-owned buildings. The estimated fair rental value of the premises is not reported as support and expenditures in the period in which the premises were used, since the amount is not readily determinable.

Fund Balances

Unrestricted Funds - consist of amounts that are available for use in carrying out the administration of the Division of Temporary Assistance and Social Services and are discretionary as to their use. The unrestricted fund balance is made up of the ending balance in the administration account and \$10,000 of the balance of the reach account. The \$10,000 represents the balance of cash advances received by the agency from the State of New Jersey, Division of Family Development, to be utilized for the payment of expenditures. This amount would be payable upon cessation of the Reach program to the State of New Jersey.

Restricted Funds - result from grantor agencies or donors who place restrictions on the use of the funds which mandate the purpose(s) for which the funds may be utilized.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Note C: Description of Funds

In order to ensure resources are used for their intended purpose, the County of Warren Division of Temporary Assistance and Social Services has established certain funds to account for these resources:

Assistance Fund – Consists of monies held in a State of New Jersey account, in which receipts are direct wires from the State of New Jersey Division of Family Development, and disbursements are made to Social Security and TANF clients through EBT (Electronic Benefits Transfer-plastic cards).

Administration Fund – All administrative expenses are recorded to this account. Funding is received from the New Jersey Division of Family Development, the Federal government and the County of Warren.

General Assistance Fund – Receipts are from the State of New Jersey for single individuals. Reporting of these transactions is recorded through the General Assistance Automated System (GAAS).

Clearing Fund – Reimburses various programs for funds that represent the recoupment of various types of overpayments, recoveries, and funds initially not identifiable.

Child Support and Paternity Fund – Through the Automated Child Support Enforcement System (“ACSES”) or NJKiDS collects child support funds and remits through wire transfers to the County of Warren Division of Temporary Assistance and Social Services.

Reach Account – Assistance account used to make emergency utility payments, prevent utility shut-off, and record transportation expenses. The OMEGA system tracks these transactions.

General Fixed Assets Account Group – Accounts for all fixed asset additions and retirements. Fixed assets are not depreciated.

Note D: Cash and Cash Equivalents

Cash and cash equivalents and investments include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Office classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial risk assumed by the Division in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government’s deposits may not be returned.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note D: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk – In accordance with the County of Warren's cash management plan, the Division ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Division limits its investments to those authorized in the County of Warren's cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Office or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note D: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 1 for the Assistance account and December 31, 2013 for the remainder of the accounts, cash and cash equivalents of the County of Warren Division of Temporary Assistance and Social Services (the "Division") consisted of the following:

<u>Account</u>	<u>Checking Accounts</u>	<u>Totals</u>
Assistance	\$ 271,010	\$ 271,010
Administration	174,433	174,433
Clearing	9,010	9,010
Child Support	47,547	47,547
Reach Account	22,535	22,535
	<u>\$ 524,535</u>	<u>\$ 524,535</u>

The carrying amount of the Division's cash and cash equivalents at year end was \$524,535 and the bank balance was \$513,694. The Division did not hold any investments at year end.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Note E: Pension Plan

County employees are enrolled in a cost sharing multiple-employer public employee retirement system: the Public Employees' Retirement System (PERS); or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers the PERS which covers substantially all County employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the PERS. However, if an employee is ineligible to enroll in the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. The 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 each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes 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. For PERS, the contribution rate was 6.64% of base salary effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. 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 Chapter 103, 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 contributions to PERS amounted to \$3,282,039, \$3,352,445 and \$3,308,549 for 2013, 2012 and 2011, respectively. The total employee and employer contributions for the DCRP for the County for the years ended December 31, 2013, 2012 and 2011 were \$26,296, \$16,333 and \$20,081, respectively. The County paid the Division's share of pension costs for 2013, 2012 and 2011. As PERS does not allocate these costs by individual, the amounts paid by the County for the Office are not determinable.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Note F: Post-Retirement Benefits

In addition to the pension benefits described in Note E, the County provides other post-retirement benefits to certain County employees including Division employees at retirement, substantially similar in nature to the health benefits provided to employees presently working.

The County contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A 52:14-17.25 et seq. 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 SHBP.

In accordance with the County's resolution, County employees are entitled to the following benefits:

The County provides post retirement healthcare benefits to both bargaining and non-bargaining unit employees who meet the following criteria:

Bargaining Unit and Non Bargaining Unit Employees

The Employer shall pay current hospital and major medical premiums under the aforesaid policy for employees and their dependent who retire after January 1, 1975, with:

- 1 Twenty-five (25) years of full-time County service. Or,
- 2 Fifteen (15) years of full-time County service and age 62.
- 3 Or are separated from full-time County service on a disability pension.

Such payment shall continue until the death of an employee or retiree.

Upon the death of an employee or retired employee who is a member of the hospitalization and major medical benefits plan, (whether paid for by the Employer or the employee), the surviving spouse may continue in the plan by paying the monthly premium. If the surviving spouse shall remarry, the coverage shall cease immediately. If the surviving spouse: is or shall thereafter be employed elsewhere and is covered by another medical benefits plan, the County's coverage shall cease immediately. In the event of the death of an active covered employee, the employee's surviving covered dependents shall receive six (6) additional full months of coverage paid for by the County, subject to the above stated provisions regarding remarriage and coverage provided by employment elsewhere.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Note F: Post-Retirement Benefits (Cont'd)

Prescription coverage through SHBP will also be provided at the County's expense for retirees who qualify under the aforementioned for both themselves and eligible dependents.

The County will reimburse an employee who is sixty-five (65) years of age or older for Medicare Part B premiums until the employee retires.

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 Pension 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.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postretirement 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 health premiums of participating retirees in the SHBP are billed to the County on a monthly basis. The County's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current fund operating budget.

The County contributions to SHBP for the year ended December 31, 2013 and 2012, were approximately \$14,521,704 and \$13,778,911, respectively. There were 299 and 285 retired participants eligible at December 31, 2013 and 2012, respectively.

Note G: Contingent Liabilities

The Division is periodically involved in various lawsuits arising in the normal course of business. The Division is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Division as revenue would constitute a liability of the applicable funds. The amount, if any, or expenditures which may be disallowed by the grantors, cannot be determined at this time, although Division officials expect such amounts, if any, to be immaterial.



COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note H: Fixed Assets

The fixed assets capitalization threshold established by the County of Warren and utilized by the Division is \$5,000.

	Balance Dec. 31, 2012	Additions	Balance Dec. 31, 2013
Vehicles and Equipment	\$ 100,863	\$ 38,872	\$ 139,735
	<u>\$ 100,863</u>	<u>\$ 38,872</u>	<u>\$ 139,735</u>

Note I: Economic Dependency

The Office receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Office's programs and activities.

Note J: Deferred Compensation

The County of Warren offers its employees (including the Office's employees) a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by Great-West, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

Note K: Risk Management

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property, Liability and Workers' Compensation

The County is a member of the New Jersey Intergovernmental Insurance Fund (the "Fund"). The Fund provides its members with Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note K: Risk Management (Cont'd)

As a member of the Fund, the County could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

As of the audit date, the 2013 financial information for the fund was not available. Selected financial information for the Fund, for 2012, is as follows:

	New Jersey Intergovernmental Insurance Fund Dec. 31, 2012
Total Assets	\$ 46,797,047
Net Position/(Deficit)	\$ (3,632,768)
Total Revenue	\$ 19,098,809
Total Expenses	\$ 20,017,274
Change in Net Position for the Year Ended December 31	\$ (918,465)
Member Dividends	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Robert W. Mania  
 c/o RHM Benefits Inc.  
 1001 Route 517, Suite 1  
 Hackettstown, NJ 07840  
 (908) 852-0222

New Jersey Unemployment Compensation Insurance

The County has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the County is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The County is billed quarterly for amounts due to the State.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
 (Continued)

Note K: Risk Management (Cont'd)

The following is a summary of County and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the County's trust fund for the current and previous two years:

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 131,087.72	\$ 195.26	\$ 203,153.28	\$ 301,252.53
2012	70,187.78	323.73	106,686.80	373,122.83
2011	71,953.99	550.13	117,749.65	409,298.12

**SUPPLEMENTARY SCHEDULES**

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - ADMINISTRATION ACCOUNT

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 27,963
Increased by Receipts:		
County of Warren:		
Budget Appropriations	\$ 5,170,053	
Federal and State Programs:		
Earned Subsidy Grant	3,418,094	
Special Grants	4,126	
Division of Medical Assistance and Health Services:		
Medical Assistance Program	94,326	
Medically Needy Program	232,839	
General Assistance Reimbursements:		
Home Energy Assistance Administration Funds	3,938	
Child Support Incentives	195,360	
Matchable Refunds	1,036	
Interest:		
Child Support	6	
Other than Child Support	16	
Non Temporary Assistance to Needy Families		
Program	42	
Other Miscellaneous Receipts	22,029	
		<u>9,141,865</u>
		9,169,828
Decreased by Disbursements:		
Operating Disbursements:		
Salaries and Wages	3,020,475	
Employee Benefit Plans	1,796,640	
Travel Expense	6,046	
Office Expense	152,745	
Major Equipment Expense	64,567	
Office Space	890	
Staff Training and Development	11,451	
Purchased Services for Clients	7,821	
Miscellaneous Matchable Expenses	41,692	
Child Support and Paternity Expense	12,413	
Electronic Data Processing Expense	54,544	
Miscellaneous Non-Matchable Expense	770	
Funds Returned to County Treasurer:		
2013 County Appropriations	3,825,341	
		<u>8,995,395</u>
Balance December 31, 2013	A	<u>\$ 174,433</u>

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - ASSISTANCE ACCOUNT

	<u>Ref.</u>	
Balance December 1, 2012	A	\$ 306,853
Increased by Receipts:		
County Participation:		
Assistance for Supplemental Security		
Income Recipients		\$ 106,262
State and Federal Participation:		
Assistance for Supplemental Security		
Income Recipients		123,786
Temporary Assistance to Needy Families:		
County Share		141,668
State and Federal Share		2,412,522
Child Support Program Disregards		<u>132,141</u>
		<u>2,916,379</u>
		3,223,232
Decreased by Disbursements:		
Assistance for Supplemental Security		
Income Recipients:		
County Share		105,960
State and Federal Share		110,879
Temporary Assistance to Needy Families:		
County Share		193,193
State and Federal Share		2,410,525
Child Support Program Disregards		<u>131,665</u>
		<u>2,952,222</u>
Balance December 1, 2013	A	<u>\$ 271,010</u>

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CLEARING ACCOUNT

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 3,850
Increased by:		
Refunds of Overpayments	\$ 7,481	
Old Age Assistance	3,019	
Other Collections	4,990	
Food Stamp Recoupments	20,769	
Medical Assistance	2,479	
Interest	<u>1</u>	
		<u>38,739</u>
		42,589
Decreased by:		
Reimbursement to State Treasurer:		
Food Stamp Recoupments	13,894	
Medical Assistance	1,859	
County Share of Medicaid	620	
Due Assistance Account	13,289	
Due General Assistance Account	2,489	
Interest Due Administration Account	106	
Payments to Client	<u>1,322</u>	
		<u>33,579</u>
Balance December 31, 2013	A	<u>\$ 9,010</u>

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CHILD SUPPORT  
ACCOUNT AND PATERNITY ACCOUNT

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 45,390
Increased by:		
Regular Collections		\$ 461,096
Blood Tests		784
Interest		6
		<u>461,886</u>
		507,276
Decreased by:		
Refunds to Assistance Account		197,360
Incentive Payments		197,360
Child Support Program Disregard Payments		64,155
Blood Tests		848
Interest Due Administrative Account		6
		<u>459,729</u>
Balance December 31, 2013	A	<u>\$ 47,547</u>



COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - GENERAL ASSISTANCE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2013

## Increased by:

State Aid Payments	\$ 690,170	
Supplemental Security Income - Initial Refund Checks	88,290	
Other	<u>1,862</u>	
		<u>\$ 780,322</u>
		780,322

## Decreased by:

General Assistance Expenditures	725,319	
Supplemental Security Income - Refunds to Clients	845	
Excess Due back to State of New Jersey	<u>54,158</u>	
		<u>\$ 780,322</u>

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REACH ACCOUNT

	<u>Ref.</u>		
Balance December 31, 2012	A	\$	21,882
Increased by:			
Assistance Reimbursements		\$	14,063
Interest			<u>2</u>
			14,065
			<u>35,947</u>
Decreased by:			
Reach Expenses			<u>13,412</u>
Balance December 31, 2013	A	\$	<u><u>22,535</u></u>

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART II

YEAR ENDED DECEMBER 31, 2013

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Name of Federal Agency or Department/Program Name/Cluster Title	C.F.D.A Account No.	Grant Award Amount	Grant Period		Expenditures	Cumulative Expenditures
			From	To		
<u>U.S. Department of Health and Human Services:</u>						
Pass-through Programs From:						
NJ Department of Human Services, Division of Family Development:						
TANF Cluster						
Temporary Assistance for Needy Families (TANF)	93.558	\$ 2,652,563	1/1/2013	12/31/2013	\$ 2,652,563	\$ 2,652,563
Refugee Resettlement Programs	93.566	1,557	1/1/2013	12/31/2013	1,557	1,557
Child Support and Paternity Program	93.563	600,573	1/1/2013	12/31/2013	600,573	600,573
Medicaid Cluster						
Medical Assistance Program	93.778	539,583	1/1/2013	12/31/2013	539,583	539,583
Social Services Block Grant	93.667	151,384	1/1/2013	12/31/2013	151,384	151,384
Children's Health Insurance Program	93.767	247,977	1/1/2013	12/31/2013	247,977	247,977
		<u>4,193,637</u>			<u>4,193,637</u>	<u>4,193,637</u>
<u>Social Security Administration:</u>						
Disability Insurance/SSI Cluster						
Supplemental Security Income	96.006	<u>88,290</u>	1/1/2013	12/31/2013	<u>88,290</u>	<u>88,290</u>
<u>U.S. Department of Agriculture (USDA)/NJ Department of Human Services (NJ DHS):</u>						
Pass-Through Program from:						
NJ Department of Human Services, Division of Family Development:						
Supplemental Nutrition Assistance Cluster:						
Supplemental Nutrition Assistance Program	10.551	<u>1,027,832</u>	1/1/2013	12/31/2013	<u>1,027,832</u>	<u>1,027,832</u>
Total Federal Awards		<u>\$ 5,309,759</u>			<u>\$ 5,309,759</u>	<u>\$ 5,309,759</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Name of State Agency of Department	State Account #	Grant Award Amount	Grant Period		Expenditures	Cumulative Expenditures
			From	To		
<u>NJ Department of Human Services:</u>						
Division of Family Development:						
Work First New Jersey - General Assistance:						
Client Assistance	100-054-7550-121	\$ 1,413,700	1/1/2013	12/31/2013	\$ 1,413,700	\$ 1,413,700
Administration Costs	100-054-7550-121	40,767	1/1/2013	12/31/2013	40,767	40,767
		<u>1,454,467</u>			<u>1,454,467</u>	<u>1,454,467</u>
Supplemental Security Income	100-054-7550-125	<u>109,318</u>	1/1/2013	12/31/2013	<u>109,318</u>	<u>109,318</u>
Total State Awards		<u>\$ 1,563,785</u>			<u>\$ 1,563,785</u>	<u>\$ 1,563,785</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2013

A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the County of Warren Division of Temporary Assistance and Social Services (the "Division"), under programs of the federal and state governments for the year ended December 31, 2013. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operation of the Division, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Division.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
Belvidere, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Family Development, Department of Human Services (the "Department"), 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 various funds of the County of Warren, Division of Social Services (the "Division"), a component unit of the County of Warren, as of and for the year ended December 31, 2013, with the exception of the Assistance Account which is reported as of December 1, 2013, and the related notes to the financial statements and have issued our report thereon dated July 24, 2014. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Department, to demonstrate compliance with the Department's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Division's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 the 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.

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
Belvidere, New Jersey  
Page 2

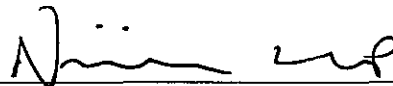
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Division's financial statements 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 result of that testing, and not to provide an opinion on the effectiveness of the Division's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
July 24, 2014

  
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NISIVOCCIA LLP





Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07858  
973-328-1825 | 973-328-0507 Fax  
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11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555

**Report on Compliance For Each Major Federal and State Program  
and on Internal Control Over Compliance Required by  
OMB Circular A-133 and New Jersey OMB's Circular 04-04**

**Independent Auditors' Report**

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
Belvidere, New Jersey

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

We have audited the County of Warren, Division of Temporary Assistance and Social Services' (the "Division's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that that could have a direct and material effect on each of the Division's major federal and state programs for the year ended December 31, 2013. The Division's major federal and state programs are identified in the summary of auditors' 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 its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Division's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Division's 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 of the Division's compliance.

The Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
Belvidere, New Jersey  
Page 2

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

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

**Report on Internal Control Over Compliance**


Management of the Division 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 Division's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or 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 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 that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
July 24, 2014

  
\_\_\_\_\_  
NISIVOCIA LLP

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unqualified opinion on the Division's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Family Development, Department of Human Services, State of New Jersey (the "Department") to demonstrate compliance with the Department's regulatory basis of accounting.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the County Division of Temporary Assistance and Social Services (the "Division") which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no significant deficiencies or material weaknesses in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04*.
- The auditor's report on compliance for its major federal and state programs for the Division expresses an unmodified opinion on each of the major federal and state programs.
- The Division's federal programs tested as major federal programs for the year ended December 31, 2013 consisted of the following awards:

	<u>CFDA Number</u>	<u>Expenditures</u>
TANF Cluster - Temporary Assistance for Needy Families	93.558	\$ 2,652,563
Medicaid Cluster - Medical Assistance Program	93.778	539,583
Child and Paternity Support Program	93.563	600,573

- The Division's state program tested as a major state program for the year ended December 31, 2013 consisted of the following award:

	<u>State Account Number</u>	<u>Expenditures</u>
Work First New Jersey - General Assistance	100-054-7550-121	\$ 1,454,467

- The threshold used for distinguishing between Type A and B federal and state programs was \$300,000. A risk-based approach was used to determine major programs.
- The Division was determined to be a low-risk auditee for both federal and state programs.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04 is \$500,000.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF FINDINGS QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2013

There were no prior year audit findings.

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART III

YEAR ENDED DECEMBER 31, 2013

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2013

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the County of Warren has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the County Counsel's opinion should be sought before a commitment is made.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2013  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

The minutes of the County of Warren Board of Chosen Freeholders indicated that bids were requested by public advertising for various applicable goods and services.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services".

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Status of Prior Year Recommendations

There were none.



COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SUMMARY OF RECOMMENDATIONS

NONE