

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE  
AND SOCIAL SERVICES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
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YEAR ENDED DECEMBER 31, 2015

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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, 2015



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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 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, 2015 (December 1, 2015 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 "Department") to demonstrate compliance with the Department's cash basis of accounting. 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. 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 Division'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 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 financial statements.

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 cash 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 cash basis of accounting described in Note B 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, 2015 (December 1, 2015 for the Assistance Account), or the changes in financial position thereof for the year then ended.

***Opinion on Cash Basis of Accounting***

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the various funds and account group of the Division as of December 31, 2015 (December 1, 2015 for the Assistance Account), and the results of its operations and changes in fund balance, where applicable, of such funds thereof for the year ended December 31, 2015 (December 1, 2015 for the Assistance Account) on the basis of accounting practices prescribed or permitted by the Department to demonstrate compliance with the Department's cash basis of accounting, as described in Note B.

***Emphasis of Matter***

As discussed in Note E to the financial statements, the Division implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

***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 data 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 Honorable Director and Members of  
the Board of Chosen Freeholders  
County of Warren  
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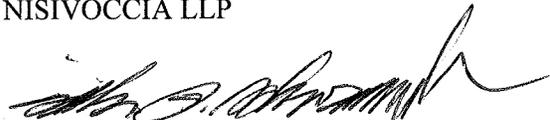
The supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the various funds financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various funds financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various funds 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2016 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  
June 17, 2016

NISIVOCCIA LLP



William F. Schroeder  
Registered Municipal Accountant No. 452  
Certified Public Accountant

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS  
DECEMBER 31, 2015 (DECEMBER 1, 2015 FOR THE ASSISTANCE FUND)

	<u>Total</u>	<u>Assistance Fund</u>	<u>Administration Fund</u>	<u>Clearing Fund</u>	<u>Child Support And Paternity Fund</u>	<u>Reach Account</u>	<u>General Fixed Assets Account Group</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 791,716	\$ 394,236	\$ 318,157	\$ 14,612	\$ 47,362	\$ 17,349	
Fixed Assets	139,735						\$ 139,735
Total assets	<u>\$ 931,451</u>	<u>\$ 394,236</u>	<u>\$ 318,157</u>	<u>\$ 14,612</u>	<u>\$ 47,362</u>	<u>\$ 17,349</u>	<u>\$ 139,735</u>
<b>Fund Balances</b>							
Fund Balances:							
Restricted	\$ 17,349					\$ 17,349	
Unrestricted	774,367	\$ 394,236	\$ 318,157	\$ 14,612	\$ 47,362		
Investment in Fixed Assets	139,735						\$ 139,735
Total Fund Balances	<u>\$ 931,451</u>	<u>\$ 394,236</u>	<u>\$ 318,157</u>	<u>\$ 14,612</u>	<u>\$ 47,362</u>	<u>\$ 17,349</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  
FOR THE YEAR ENDED DECEMBER 31, 2015 (DECEMBER 1, 2015 FOR THE ASSISTANCE FUND)

	<u>Total</u>	<u>Assistance Fund</u>	<u>Administration Fund</u>	<u>Clearing Fund</u>	<u>Child Support And Paternity Fund</u>	<u>General Assistance Fund</u>	<u>Reach Account</u>	<u>General Fixed Assets Account Group</u>
<u>TOTAL RECEIPTS</u>	<u>\$ 12,454,339</u>	<u>\$ 1,897,915</u>	<u>\$ 9,435,024</u>	<u>\$ 82,553</u>	<u>\$ 341,978</u>	<u>\$ 625,961</u>	<u>\$ 70,908</u>	
<u>DISBURSEMENTS</u>								
Fund Disbursements	8,132,078	1,830,455	5,316,346	73,563	333,333	505,646	72,735	
Funds Returned to County	3,866,103		3,866,103					
Funds Returned to State	120,315					120,315		
Total Disbursements	<u>12,118,496</u>	<u>1,830,455</u>	<u>9,182,449</u>	<u>73,563</u>	<u>333,333</u>	<u>625,961</u>	<u>72,735</u>	
Excess/(Deficit) of Receipts over/ (under) Disbursements	335,843	67,460	252,575	8,990	8,645		(1,827)	
Fund Balance at December 31, 2014	<u>595,608</u>	<u>326,776</u>	<u>65,582</u>	<u>5,622</u>	<u>38,717</u>		<u>19,176</u>	<u>\$ 139,735</u>
Fund Balance at December 31, 2015	<u>\$ 931,451</u>	<u>\$ 394,236</u>	<u>\$ 318,157</u>	<u>\$ 14,612</u>	<u>\$ 47,362</u>	<u>\$ -0-</u>	<u>\$ 17,349</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, 2015

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 Department of Human Services, Division of Family Development, 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, 2015  
 (Continued)

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

Basis of Accounting (Cont'd)

Had the Division's financial statements been prepared under accounting principles generally accepted in the United States of America, the Division's net pension liability and related deferred inflows and outflows would be recorded.

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.

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, 2015  
 (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, 2015  
 (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 in addition

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, 2015  
 (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, 2015 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>
Administration	\$ 318,157	\$ 318,157
Assistance	394,236	394,236
Clearing	14,612	14,612
Child Support	47,362	47,362
Reach Account	17,349	17,349
	<u>\$ 791,716</u>	<u>\$ 791,716</u>

The carrying amount of the Division's cash and cash equivalents at year end was \$791,716 and the bank balance was \$773,286. 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, 2015  
 (Continued)

Note E: Pension Plan

County employees, including Division employees, participate are enrolled in a cost sharing multiple- employer public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

1. Public Employees' Retirement System (PERS)

Plan Description

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

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:

Tier	Definition
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

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

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note E: Pension Plan (Cont'd)

1. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. County contributions to PERS amounted to \$3,320,939 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At December 31, 2015, the County's liability was \$86,711,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the County's proportion was 0.386%, which was a decrease of 0.0188% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized actual pension expense in the amount of \$3,320,939.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note E: Pension Plan (Cont'd)

1. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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 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' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note E: Pension Plans (Cont'd)

1. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the County's proportionate share of the net pension 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, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
County's proportionate share of the Net Pension Liability	\$ 107,771,483	\$ 86,711,257	\$ 69,054,516

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note E: Pension Plans (Cont'd)

2. Defined Contribution Retirement Program (DCRP)

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 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.

For DCRP, the County recognized pension expense of \$25,700 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$32,049 for the year ended December 31, 2015.

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:

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

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

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.

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.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

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

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, 2015 and 2014, were approximately \$14,780,211 and \$14,626,137, respectively. There were 310 and 299 retired participants eligible at December 31, 2015 and 2014, 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, of 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.

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, 2014	Balance Dec. 31, 2015
Vehicles and Equipment	\$ 139,735	\$ 139,735
	\$ 139,735	\$ 139,735

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.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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.

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 2015 financial information for the fund was not available. Selected financial information for the Fund, for 2014, is as follows:

	New Jersey Intergovernmental Insurance Fund
Total Assets	\$ 50,523,486
Net Position/(Deficit)	\$ (1,127,854)
Total Revenue	\$ 17,864,178
Total Expenses	\$ 16,630,090
Change in Net Position for the Year Ended December 31	\$ 1,234,088
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

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note K: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

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

The following is a summary of County 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>Employer/ Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 287,998.77	\$ 136.89	\$ 143,423.89	\$ 478,931.91
2014	227,103.36	115.53	194,251.28	334,220.14
2013	131,087.72	195.26	203,153.28	301,252.53

Note L: Indirect Costs

The indirect cost plan for 2015 was not available for the preparation of these financial statements. The indirect costs reimbursed by the State of New Jersey included an estimate of the indirect costs for the current year. The Division's 2015 indirect cost plan will be reviewed with the indirect costs reimbursed by the State of New Jersey.

SUPPLEMENTARY DATA

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

Balance December 31, 2014		\$	65,582
Increased by Receipts:			
County of Warren:			
Budget Appropriations	\$	5,316,346	
Federal and State Programs:			
Earned Subsidy Grant		3,624,016	
Special Grants		6,693	
Division of Medical Assistance and Health Services:			
Medical Assistance Program		125,908	
Medically Needy Program		173,286	
Child Support Incentives		142,972	
Matchable Refunds		587	
Interest:			
Child Support		4	
Other than Child Support		14	
Non Temporary Assistance to Needy Families Program		18	
Other Miscellaneous Receipts		45,180	
		9,435,024	
			9,500,606
Decreased by Disbursements:			
Operating Disbursements:			
Salaries and Wages		3,075,499	
Employee Benefit Plans		1,999,924	
Travel Expense		7,040	
Office Expense		103,359	
Office Space		11,487	
Staff Training and Development		14,300	
Purchased Services for Clients		5,595	
Miscellaneous Matchable Expenses		5,138	
Child Support and Paternity Expense		6,904	
Miscellaneous Non-Matchable Expense		87,100	
Funds Returned to County Treasurer:			
2015 County Appropriations		3,866,103	
		9,182,449	
Balance December 31, 2015		\$	318,157

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

Balance December 1, 2014		\$ 326,776
Increased by Receipts:		
County Participation:		
Assistance for Supplemental Security		
Income Recipients	\$ 136,076	
State and Federal Participation:		
Assistance for Supplemental Security		
Income Recipients	210,403	
Temporary Assistance to Needy Families:		
County Share	158,760	
State and Federal Share	1,310,628	
Child Support Program Disregards	82,048	
		1,897,915
		2,224,691
Decreased by Disbursements:		
Assistance for Supplemental Security		
Income Recipients:		
County Share	148,381	
State and Federal Share	151,143	
Temporary Assistance to Needy Families:		
County Share	128,389	
State and Federal Share	1,293,624	
Child Support Program Disregards	108,918	
		1,830,455
Balance December 1, 2015		\$ 394,236

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

Balance December 31, 2014		\$ 5,622
Increased by:		
Refunds of Overpayments	\$ 10,192	
Old Age Assistance	3,222	
Other Collections	13,913	
Food Stamp Recoupments	52,842	
Medical Assistance	2,382	
Interest	2	
		82,553
		88,175
Decreased by:		
Reimbursement to State Treasurer:		
Food Stamp Recoupments	45,451	
Medical Assistance	1,771	
Due Assistance Account	15,413	
Due General Assistance Account	8,806	
Local Share of Medical Assistance	590	
Interest Due Administration Account	2	
Payments to Client	1,530	
		73,563
Balance December 31, 2015		\$ 14,612

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

Balance December 31, 2014		\$ 38,717
Increased by:		
Regular Collections	\$ 341,228	
Blood Tests	746	
Interest	4	
	341,978	341,978
		380,695
Decreased by:		
Refunds to Assistance Account	142,972	
Incentive Payments	142,971	
Child Support Program Disregard Payments	46,799	
Blood Tests	587	
Interest Due Administrative Account	4	
	333,333	333,333
Balance December 31, 2015		\$ 47,362

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - GENERAL ASSISTANCE ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2015

## Increased by:

State Aid Payments	\$ 474,955	
Supplemental Security Income - Initial Refund Checks	147,874	
Other	3,132	
		\$ 625,961
		625,961

## Decreased by:

General Assistance Expenditures	505,234	
Supplemental Security Income - Refunds to Clients	226	
Excess Due back to State of New Jersey	120,315	
Other	186	
		\$ 625,961
		625,961

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

Balance December 31, 2014		\$ 19,176
Increased by:		
Assistance Reimbursements	\$ 70,906	
Interest	2	
		70,908
		90,084
Decreased by:		
Reach Expenses		72,735
Balance December 31, 2015		\$ 17,349

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART II

YEAR ENDED DECEMBER 31, 2015

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department/Program Name/Cluster Title	C.F.D.A Account No.	State Account Number	Grant Award Amount	Grant Period		Expenditures	Cumulative Expenditures	Amount Provided to Subrecipients
				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	054-7550-100-302-150300	\$ 1,660,481	1/1/2015	12/31/2015	\$ 1,660,481	\$ 1,660,481	
Child Support and Paternity Program	93.563	054-7550-100-165-152300	513,465	1/1/2015	12/31/2015	513,465	513,465	
Medicaid Cluster								
Medical Assistance Program	93.778	054-7540-100-269-226010	768,265	1/1/2015	12/31/2015	768,265	768,265	
Social Services Block Grant	93.667	054-7530-100-057-555740	155,278	1/1/2015	12/31/2015	155,278	155,278	
Children's Health Insurance Program	93.767	054-7550-100-479-152260	3,908	1/1/2015	12/31/2015	3,908	3,908	
			<u>3,101,397</u>			<u>3,101,397</u>	<u>3,143,401</u>	
<u>Social Security Administration:</u>								
Disability Insurance/SSI Cluster								
Supplemental Security Income	96.006	N/A	147,874	1/1/2015	12/31/2015	147,874	147,874	
<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	N/A	1,069,170	1/1/2015	12/31/2015	1,069,170	1,069,170	
Total Federal Awards			<u>\$ 4,318,441</u>			<u>\$ 4,318,441</u>	<u>\$ 4,360,445</u>	<u>\$ -0-</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, 2015

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	\$ 1,100,025	1/1/2015	12/31/2015	\$ 1,100,025	\$ 1,100,025
Administration Costs	100-054-7550-121	831,740	1/1/2015	12/31/2015	831,740	831,740
		<u>1,931,765</u>			<u>1,931,765</u>	<u>1,931,765</u>
Supplemental Security Income	100-054-7550-125	150,080	1/1/2015	12/31/2015	150,080	150,080
Total State Awards		<u>\$ 2,081,845</u>			<u>\$ 2,081,845</u>	<u>\$ 2,081,845</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, 2015

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, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Division has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements 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, 2015, with the exception of the Assistance Account which is reported as of December 1, 2015, and the related notes to the financial statements and have issued our report thereon dated June 17, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Department, to demonstrate compliance with the Department's cash 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**

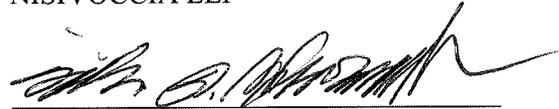
As part of obtaining reasonable assurance about whether the Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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  
June 17, 2016

NISIVOCCIA LLP



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William F. Schroeder  
Registered Municipal Accountant No. 452  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance Required by the  
Uniform Guidance and New Jersey's OMB Circular 15-08

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 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, 2015. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, Uniform Guidance and New Jersey OMB's 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 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  
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***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, 2015.

**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 the Uniform Guidance and NJOMB 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 Division's internal control over compliance.

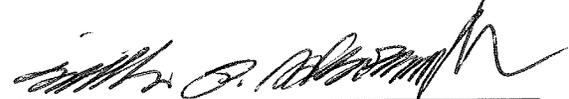
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 of the testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
 June 17, 2016

NISIVOCIA LLP



William F. Schroeder  
 Registered Municipal Accountant No. 452  
 Certified Public Accountant

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Division's financial statements, prepared in accordance with accounting practices prescribed or permitted by the State of New Jersey, Department of Human Services, Division of Family Development to demonstrate compliance with the Department's cash 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 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 the Uniform Guidance and New Jersey's OMB Circular 15-08*.
- 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 program tested as a major federal program for the year ended December 31, 2015 consisted of the following award:

	CFDA Number	Expenditures
Supplemental Nutrition Assistance Cluster	10.551	\$ 1,069,170

- The Division's state program tested as a major state program for the year ended December 31, 2015 consisted of the following award:

	State Account Number	Expenditures
Work First New Jersey - General Assistance	100-054-7550-121	\$ 1,931,765

- The threshold used for distinguishing between Type A and Type B for both federal and state programs was \$750,000.
- The Division was determined to be a "low-risk" auditee for both federal and state programs.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF FINDINGS QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015  
(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 the Federal Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2015

There were no prior year audit findings.

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART III

YEAR ENDED DECEMBER 31, 2015

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2015

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 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000 through June 30, 2015 and \$40,000 thereafter with a Qualified Purchasing Agent (QPA).

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, 2015  
(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.

New Jersey Administrative Code Requirement

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The County maintains encumbrance, fixed asset and general ledger accounting systems.

Status of Prior Year Recommendations

There were none.

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

NONE