

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE
AND SOCIAL SERVICES
FINANCIAL STATEMENTS
DECEMBER 31, 2003

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
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Independent Auditors' Report on Financial Statements
 and Supplementary Schedules of Federal and State Financial Assistance

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

We have audited the accompanying statement of assets, liabilities and fund balances arising from cash transactions of the County of Warren, Division of Temporary Assistance and Social Services (the "Division"), a component unit of the County of Warren, as of December 31, 2003 and 2002 (December 1, 2003 and 2002 for the Assistance Account), and the various related statements of receipts and disbursements for the year ended December 31, 2003 (December 1, 2003 for the Assistance Account), as listed in the foregoing table of contents. These component unit financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these component unit financial statements.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The policy of the Division is to prepare its component unit financial statements on the basis of cash receipts and disbursements in accordance with accounting principles prescribed by the State of New Jersey, Department of Human Services, Division of Family Development. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because the Division prepares its component unit financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Division as of December 31, 2003 (December 1, 2003 for the Assistance Account).

The Honorable Director and Members of
the Board of Chosen Freeholders
County of Warren
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However, in our opinion, the component unit financial statements referred to above, present fairly, in all material respects, the financial position of the Division at December 31, 2003 (December 1, 2003 for the Assistance Account), and the receipts and disbursements for the year ended December 31, 2003 (December 1, 2003 for the Assistance Account), in conformity with accounting principles as described in Note B.

In accordance with "Government Auditing Standards", we have also issued a report dated July 12, 2004 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 grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules of federal and state financial assistance are presented for purposes of additional analysis and are required by the US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations", and State Treasury Circular Letter 98-07-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments" and are not a required part of the financial statements. This information has been subjected the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note B to the financial statements and Note 1 to the schedules of federal and state financial assistance.

Randolph, New Jersey
July 12, 2004


NISIVOCCIA & COMPANY LLP

COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31, (Assistance - December 1)</u>	
		<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents:			
Administration	A-1	\$ 22,718	\$ 455,652
Assistance	A-2	229,294	179,799
Clearing	A-3	8,401	8,518
Child Support	A-4	35,077	54,747
General Assistance	A-5	181,090	149,985
Other Accounts	A-6	16,962	16,272
		<u>493,542</u>	<u>864,973</u>
 Fixed Assets		 <u>174,648</u>	 <u>172,588</u>
 Total Assets		 <u>\$ 668,190</u>	 <u>\$ 1,037,561</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Fund Balances:			
Restricted		\$ 460,824	\$ 399,321
Unrestricted		32,718	465,652
Investment in Fixed Assets		<u>174,648</u>	<u>172,588</u>
 Total Liabilities and Fund Balances		 <u>\$ 668,190</u>	 <u>\$ 1,037,561</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>		
Balance December 31, 2002	A	\$	455,652
Increased by Receipts:			
County of Warren:			
Budget Appropriations	\$	3,842,040	
Early Employment Initiative		7,690	
Federal and State Programs:			
Earned Subsidy Grant		1,932,396	
Division of Medical Assistance and Health Services:			
Medical Assistance Program		18,248	
Medically Needy Program		156,045	
Food Stamp Fraud Incentives		5,556	
General Assistance Reimbursements/ Home Energy Assistance Administration Funds		5,226	
Income Verification Eligibility System		1,968	
Child Support Incentives		136,872	
Cash Refunds and Cancelled Checks:			
Matchable		69,612	
Non-Matchable		4,682	
Interest:			
Child Support		263	
Other than Child Support		1,632	
Non Temporary Assistance to Needy Families			
Application Fees - Child Support and Paternity Program		132	
Unemployment Account		12,140	
Deductions from Employee Payroll		984,082	
		<hr/>	7,178,584
			<hr/>
			7,634,236
Decreased by Disbursements:			
Operating Disbursements:			
Salaries and Wages		2,656,715	
Employee Benefit Plans		934,153	
Travel Expense		12,456	
Office Expense		96,983	
Major Equipment		2,060	
Staff Training and Development		5,798	
Purchased Services for Clients		18,756	
Miscellaneous Matchable Expenses		30,758	
Child Support and Paternity Expense		11,792	
Electronic Data Processing Expense		73,495	
Miscellaneous Non-Matchable Expense		98,460	
Payroll Deductions		997,470	
Funds Returned to County Treasurer:			
2002 County Appropriations		2,672,622	
		<hr/>	7,611,518
			<hr/>
Balance December 31, 2003	A	\$	<u>22,718</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>		
Balance December 1, 2002	A	\$	179,799
Increased by Receipts:			
County Participation:			
Assistance for Supplemental Security			
Income Recipients	\$	173,654	
State and Federal Participation:			
Assistance for Supplemental Security			
Income Recipients		80,817	
Recoveries:			
Temporary Assistance to Needy Families:			
County Share		146,047	
State and Federal Share		1,088,466	
Assistance for Supplemental Security			
Income Recipients:			
County Share		1,753	
State and Federal Share		25,241	
Child Support Program Disregards		333,476	
			1,849,454
			2,029,253
Decreased by Disbursements:			
Assistance for Supplemental Security			
Income Recipients:			
County Share		1,284,976	
State and Federal Share		101,000	
Temporary Assistance to Needy Families:			
County Share		817	
State and Federal Share		180,000	
Child Support Program Disregards		45,190	
Returned to County Treasurer:			
Temporary Assistance to Needy Families		49,546	
Returned to State Treasurer:			
Temporary Assistance to Needy Families		101,883	
Child Support and Paternity Program		36,547	
			1,799,959
Balance December 31, 2003	A	\$	229,294

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>			
Balance December 31, 2002	A		\$	8,518
Increased by:				
Aid to Families with Dependent Children -				
Other Sources		\$		37,783
Old Age Assistance				1,913
Medical Assistance				2,157
Aid to the Disabled				3,883
Other Collections				945
				46,681
				55,199
Decreased by:				
Reimbursement to State Treasurer:				
Food Stamp Recoupments				9,214
Medical Assistance				8,290
Reimbursements to Assistance Fund				26,994
Reimbursements to Clients				620
Other Disbursements				1,680
				46,798
Balance December 31, 2003	A		\$	8,401

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>	
Balance December 31, 2002	A	\$ 54,747
Increased by:		
Regular Collections		\$ 411,019
Federal Tax Offset		147,256
New Jersey Tax Offset		5,795
Unemployment Offset		21,588
Voluntary Payment		1,253
Other State Taxes		1,527
Blood Tests		2,023
Interest		237
		<u>590,698</u>
		645,445
Decreased by:		
Refunds to Assistance Account		407,372
Incentive Payments		136,872
Child Support Program Disregard Payments		41,498
Surplus Payments to Clients		12,814
Blood Tests		2,333
IRS/NJ Homestead		9,216
Interest		263
		<u>610,368</u>
Balance December 31, 2003	A	<u>\$ 35,077</u>

SEE NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>		
Balance December 31, 2002	A	\$	149,985
Increased by:			
State Aid Payments		\$	480,000
Supplemental Security Income - Initial Refund Checks			74,048
Refunds - Eligible Assistance			2,513
Interest			391
			556,952
			706,937
Decreased by:			
General Assistance Expenditures			494,424
Supplemental Security Income - Refunds to Clients			31,423
			525,847
Balance December 31, 2003	A	\$	181,090

SEE NOTES TO FINANCIAL STATEMENTS

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

Ref.	Total	Unemployment Insurance	Reach	Non- Administrative Grant
Balance December 31, 2002	\$ 16,272	\$ 6,814	\$ 5,196	\$ 4,262
Increased by:				
Administration Account	12,152	12,152		
Assistance Reimbursements	113,605		113,605	329
Miscellaneous	826		497	10
Interest	73	37	26	
	<u>126,656</u>	<u>12,189</u>	<u>114,128</u>	<u>339</u>
	<u>142,928</u>	<u>19,003</u>	<u>119,324</u>	<u>4,601</u>
Decreased by:				
Due County - Close out of Account	4,601			4,601
Administration Account	12,140	12,140		
Reach Expenses	109,225		109,225	
	<u>125,966</u>	<u>12,140</u>	<u>109,225</u>	<u>4,601</u>
Balance December 31, 2003	\$ 16,962	\$ 6,863	\$ 10,099	\$ -0-

SEE NOTES TO FINANCIAL STATEMENTS

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

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 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, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. 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, 2003
(Continued)

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

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 balance sheet.

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

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. 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.

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.

Note C: Cash and Cash Equivalents and Investments

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.

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.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003
 (Continued)

Note C: Cash and Cash Equivalents and Investments (Cont'd)

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; or

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value 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.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Division. Category 1 includes deposits/investments that are insured or registered, or securities held by the Division or its agent in the Division's name. Category 2 includes uninsured and unregistered deposits/investments held by the Division's custodial bank trust department or agent in the Division's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Division's custodial bank trust department or agent but not in the Division's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

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;
- (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

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003
 (Continued)

Note C: Cash and Cash Equivalents and Investments (Cont'd)

- (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, 2003 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>Savings Accounts</u>	<u>Checking Accounts</u>	<u>Totals</u>
Administration		\$ 22,718	\$ 22,718
Assistance		229,294	229,294
Clearing		8,401	8,401
Child Support		35,077	35,077
General Assistance		181,090	181,090
Other Accounts	\$ 6,863	10,099	16,962
	<u>\$ 6,863</u>	<u>\$ 486,679</u>	<u>\$ 493,542</u>

The carrying amount of the Division's cash at year end was \$493,542 and the bank balance was \$525,889. Of the bank balance, \$100,000 was covered by federal depository insurance and \$425,889 was covered by the collateral pool maintained by the banks as required by New Jersey statutes and would be considered category 1 funds as described above.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003
(Continued)

Note D: Pension Plan

Substantially all of the Division's employees participate in a contributory, defined benefit public employee retirement system: the Public Employee's Retirement System (PERS) of New Jersey. This system is sponsored and administered by the State of New Jersey. The PERS is considered a cost-sharing, multiple-employer plan.

Enrolled PERS members vest after 8 to 10 years of service.

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 above system. The financial report 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.

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 regulation. Employee contributions are based on a percentage of 3.00% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

The State does not provide the annual pension cost (APC) for component units. The County of Warren is recognized as the member of the PERS and thus the APC for the Division is not able to be determined.

Note E: Post-Retirement Benefits

The County provides post-retirement benefits to County employees who meet the following criteria. The benefits are as follows:

If retiring with 25 years or more of pension contributions, the County will pay health benefits premiums (but not the employee's share of health maintenance organization) for the rest of the employee's life. Should the retiree die, the widow(er) will be offered coverage under the State Health Benefits Program at his/her expense. The County does not pay for coverage of the survivors (this is a State Health Benefits Program regulation, not a County policy).

If retiring with 25 years or more of pension contributions on or after January 1, 1988, the County will pay for prescription program and dental program premiums for the rest of the employee's life for the employee and the immediate family members for CERTAIN EMPLOYEES (the continuation of the prescription program and dental program after 25 years at the County's expense applies to most employees but not all). The County does not pay for coverage for the survivors.

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART II

YEAR ENDED DECEMBER 31, 2003

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2003

Name of Federal Agency or Department/Program Name	C.F.D.A Account No.	Grant Award Amount	Grant Period		Expenditures
			From	To	
<u>U.S. Department of Health and Human Services:</u>					
<u>Pass-through Programs From:</u>					
NJ Division of Family Development:					
Temporary Assistance for Needy Families (TANF)	93.558	\$ 786,993	01/01/03	12/31/03	\$ 786,993
Refugee Resettlement Programs	93.568	817	01/01/03	12/31/03	817
Administrative Cost Relating to Public Assistance:					
Temporary Assistance for Needy Families (TANF)	93.558	301,473	01/01/03	12/31/03	301,473
Title IV-D, Child Support and Paternity Program	93.563	333,476	01/01/03	12/31/03	333,476
Title XIX, Medical Assistance Program	93.778	366,908	01/01/03	12/31/03	366,908
Title XX, Social Services Block Grant	93.667	162,284	01/01/03	12/31/03	162,284
State Children's Insurance Program	93.767	128,785	01/01/03	12/31/03	128,785
Total Department of Health and Human Services		<u>2,080,736</u>			<u>2,080,736</u>
NJ Division of Medical Assistance and Health Service:					
Title XIX, Medically Needy Program	93.778	156,944	01/01/03	12/31/03	156,844
<u>U.S. Department of Agriculture:</u>					
Passed through the NJ Department of Human Services:					
Division of Family Development:					
Administrative Costs - Food Stamp Program	10.551	586,841	01/01/03	12/31/03	586,841
Total Federal Financial Assistance		<u>\$ 2,824,521</u>			<u>\$ 2,824,421</u>

SEE ACCOMPANYING NOTE TO SCHEDULES OF FINANCIAL ASSISTANCE

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2003

Name of State Agency of Department	State Account #	Grant Award Amount	Grant Period		Expenditures
			From	To	
NJ Department of Human Services:					
Division of Family Development:					
Work First New Jersey - General Assistance:					
Client Assistance	100-054-7550-121	\$ 448,376	01/01/03	12/31/03	\$ 448,376
Administration Costs	100-054-7550-121	46,048	01/01/03	12/31/03	46,048
Supplemental Security Income	100-054-7550-125	79,422	01/01/03	12/31/03	79,422
Division of Economic Development:					
Passed Through County of Warren	100-054-7550-380-6030	72,202	01/01/03	12/31/03	72,202
Social Services for the Homeless					
Total State Financial Assistance		\$ 646,048			\$ 646,048

SEE ACCOMPANYING NOTE TO SCHEDULES OF FINANCIAL ASSISTANCE

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTE TO SCHEDULES OF FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2003

Note 1. BASIS OF PRESENTATION

The accompanying schedules of financial assistance include all of the federal and state grant activity of the County of Warren Division of Temporary Assistance and Social Services and are presented on the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations".



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Independent Auditors' Report on Compliance and on Internal Control Over
 Financial Reporting Based on an Audit of Financial Statements
 Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of the County of Warren, Division of Temporary Assistance and Social Services (the "Division") as of, and for the year ended, December 31, 2003 and 2002, with the exception of the Assistance Account which is reported as of December 1, 2003 and 2002, and for the years then ended and have issued our report thereon dated July 12, 2004, which indicated that the financial statements have been prepared on the cash basis of accounting. We conducted our audits 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.

Compliance

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 grants, 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 that are required to be reported under "Government Auditing Standards".

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Division's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The Honorable Director and Members of
the Board of Chosen Freeholders
County of Warren
Belvidere, New Jersey
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This report is intended solely for the information and use of the members of the Board of Chosen Freeholders and management of the Division and to meet the requirements for filing with the New Jersey Department of Human Services, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Randolph, New Jersey
July 12, 2004


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Independent Auditors' Report on Compliance with Requirements Applicable to Each
 Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133
 and State OMB Circular 98-07-OMB

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

Compliance

We have audited the compliance of the County of Warren, Division of Temporary Assistance and Social Services (the "Division") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2003. The Division's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Division's management. Our responsibility is to express an opinion on the Division's compliance with those requirements based on our audit.

We conducted our audits 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 Nonprofit Organizations," and State OMB Circular 98-07-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Those standards, OMB Circular A-133 and State Circular 98-07-OMB 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. Our audit does not provide a legal determination of the Division's compliance with those requirements.

In our opinion, the Division complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2003.

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

Internal Control Over Compliance

The management of the Division is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Division's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State OMB Circular 98-07-OMB.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the Board of Chosen Freeholders and management of the Division, and to meet the requirements for filing with the NJ Department of Human Services, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Randolph, New Jersey
July 12, 2004


NISIVOCCIA & COMPANY LLP

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2003

Summary of Auditors' Results:

- An unqualified report was issued on the County of Warren Division of Temporary Assistance and Social Services (the "Division") financial statements prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses in the internal controls of the Division.
- The audit did not disclose any material weakness in the internal controls of the Division's major federal or state programs.
- An unqualified report was issued on the Division's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 and State OMB Circular 98-07-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments."
- The Division's major federal programs for the year ended December 31, 2003 consisted of the following awards:

	CFDA Number	Expenditures
Temporary Assistance for Needy Families	93.558	\$ 1,088,466
Title XIX, Medical Assistance	93.778	366,908
Administrative Costs - Food Stamp Program	10.551	586,841

- The Division's major state program for the year ended December 31, 2003 consisted of the following award:

	State Account Number	Expenditures
Work First New Jersey - General Assistance	100-054-7550-121	\$ 494,424

- The threshold for determining Type A and B programs was \$300,000. A risk-based approach was used to determine major programs.
- The Division qualified as a low-risk auditee under the provisions of Section 530 of the Circular.

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.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2003
(Continued)

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 State OMB Circular 98-07-OMB.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2003

There were no prior year audit findings.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2003

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 April 17, 2000 and thereafter, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.

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, 2003
(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.

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

NONE