

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE
AND SOCIAL SERVICES
FINANCIAL STATEMENTS
DECEMBER 31, 2004

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
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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

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, 2004 and 2003 (December 1, 2004 and 2003 for the Assistance Account), and the various related statements of receipts and disbursements for the year ended December 31, 2004 (December 1, 2004 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 opinions on these component unit financial statements based on our audits.

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 opinions.

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, 2004 (December 1, 2004 for the Assistance Account), and the receipts and disbursements of the Division's various accounts for the year ended December 31, 2005 (December 1, 2004 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, 2004 (December 1, 2004 for the Assistance Account), and the receipts and disbursements for the year ended December 31, 2004 (December 1, 2004 for the Assistance Account), in conformity with accounting principles prescribed by the State of New Jersey, Department of Human Services, Division of Family Development as described in Note B.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 21, 2005 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The accompanying schedules of expenditures of federal and state awards 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 New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* 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 2 to the Schedules of Expenditures of Federal and State Awards.

Randolph, New Jersey
July 21, 2005


NISIVOCCIA & COMPANY LLP

A

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>2004</u>	<u>2003</u>
Cash and Cash Equivalents:			
Administration	A-1	\$ 52,868	\$ 22,718
Assistance	A-2	180,909	229,294
Clearing	A-3	2,281	8,401
Child Support	A-4	32,272	35,077
General Assistance	A-5	227,738	181,090
Other Accounts	A-6	11,931	16,962
		<u>507,999</u>	<u>493,542</u>
Fixed Assets		<u>174,648</u>	<u>174,648</u>
Total Assets		<u>\$ 682,647</u>	<u>\$ 668,190</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Fund Balances:			
Restricted		\$ 445,131	\$ 460,824
Unrestricted		62,868	32,718
Investment in Fixed Assets		<u>174,648</u>	<u>174,648</u>
Total Liabilities and Fund Balances		<u>\$ 682,647</u>	<u>\$ 668,190</u>

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

A-1

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

	<u>Ref.</u>		
Balance December 31, 2003	A	\$	22,718
Increased by Receipts:			
County of Warren:			
Budget Appropriations		\$	3,711,973
Early Employment Initiative			10,515
Federal and State Programs:			
Earned Subsidy Grant			2,332,550
Work First New Jersey Grant			1,022
Adult Protective Services Grant			74,871
Division of Medical Assistance and Health Services:			
Medical Assistance Program			19,496
Medically Needy Program			148,601
Food Stamp Fraud Incentives			7,739
General Assistance Reimbursements/			
Home Energy Assistance Administration Funds			5,226
Child Support Incentives			136,872
Matchable Refunds			14,988
Interest:			
Child Support			98
Other than Child Support			446
Non Temporary Assistance to Needy Families			
Application Fees - Child Support and Paternity			
Program			78
Unemployment Account			226
			<hr/>
			6,464,701
			<hr/>
			6,487,419
Decreased by Disbursements:			
Operating Disbursements:			
Salaries and Wages			2,378,261
Employee Benefit Plans			986,501
Travel Expense			12,591
Office Expense			148,415
Major Equipment			4,391
Staff Training and Development			16,123
Purchased Services for Clients			60,483
Miscellaneous Matchable Expenses			33,296
Child Support and Paternity Expense			12,452
Electronic Data Processing Expense			45,081
Miscellaneous Non-Matchable Expense			14,511
Payroll Deductions			9,908
Funds Returned to County Treasurer:			
2004 County Appropriations			2,712,538
			<hr/>
			6,434,551
			<hr/>
Balance December 31, 2004	A	\$	52,868

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

A-2

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

	<u>Ref.</u>	
Balance December 1, 2003	A	\$ 229,294
Increased by Receipts:		
County Participation:		
Assistance for Supplemental Security		
Income Recipients	\$ 140,292	
State and Federal Participation:		
Assistance for Supplemental Security		
Income Recipients	106,000	
Recoveries:		
Temporary Assistance to Needy Families:		
County Share	64,355	
State and Federal Share	376,314	
Assistance for Supplemental Security		
Income Recipients:		
County Share	2,372	
State and Federal Share	39,203	
Child Support Program Disregards	38,225	
		<u>766,761</u>
		996,055
Decreased by Disbursements:		
Assistance for Supplemental Security		
Income Recipients:		
County Share	40,094	
State and Federal Share	116,811	
Temporary Assistance to Needy Families:		
County Share	11,309	
State and Federal Share	218,334	
Child Support Program Disregards	6,482	
Travel Related Expenses	87,442	
Returned to State Treasurer:		
Supplemental Security Income	122,000	
Temporary Assistance to Needy Families	179,726	
Child Support and Paternity Program	32,948	
		<u>815,146</u>
Balance December 1, 2004	A	<u>\$ 180,909</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN
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COUNTY OF WARREN DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CLEARING ACCOUNT

	<u>Ref.</u>	
Balance December 31, 2003	A	\$ 8,401
Increased by:		
Refunds of Overpayments	\$ 20,952	
Child Care Assistance	293	
Old Age Assistance	673	
Claims Received	22,840	
Medical Assistance	2,301	
Aid to the Disabled	2,162	
Interest	27	
		<u>49,248</u>
		57,649
Decreased by:		
Reimbursement to State Treasurer:		
Food Stamp Recoupments	8,229	
Medical Assistance	2,205	
Adult Programs	41,576	
Child Care	120	
Reimbursements to Clients	756	
Other Disbursements	2,482	
		<u>55,368</u>
Balance December 31, 2004	A	<u>\$ 2,281</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2003	A	\$ 35,077
Increased by:		
Regular Collections	\$ 448,981	
Federal Tax Offset	128,861	
New Jersey Tax Offset	3,816	
Unemployment Offset	22,885	
Voluntary Payment	2,546	
Other State Taxes	975	
Blood Tests	2,130	
Interest	97	
		<u>610,291</u>
		645,368
Decreased by:		
Refunds to Assistance Account	8,818	
Incentive Payments	197,323	
Child Support Program Disregard Payments	355,246	
Surplus Payments to Clients	1,969	
Blood Tests	36,827	
IRS/NJ Homestead	11,028	
Refunds to Probation	1,787	
Interest	98	
		<u>613,096</u>
Balance December 31, 2004	A	<u>\$ 32,272</u>

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

	<u>Ref.</u>		
Balance December 31, 2003	A	\$	181,090
Increased by:			
State Aid Payments		\$	690,000
Supplemental Security Income - Initial			
Refund Checks			39,570
Refunds - Eligible Assistance			6,961
Interest			248
			<u>736,779</u>
			917,869
Decreased by:			
General Assistance Expenditures			679,882
Supplemental Security Income - Refunds			
to Clients			10,249
			<u>690,131</u>
Balance December 31, 2004	A	\$	<u>227,738</u>

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

	<u>Ref.</u>	<u>Total</u>	<u>Unemployment Insurance</u>	<u>Reach</u>
Balance December 31, 2003	A	<u>\$ 16,962</u>	<u>\$ 6,863</u>	<u>\$ 10,099</u>
Increased by:				
Assistance Reimbursements		66,622		66,622
Interest		25		25
		<u>66,647</u>		<u>66,647</u>
		<u>83,609</u>	<u>6,863</u>	<u>76,746</u>
Decreased by:				
Due County - Close out of Account		6,863	6,863	
Reach Expenses		<u>64,815</u>		<u>64,815</u>
		<u>71,678</u>	<u>6,863</u>	<u>64,815</u>
Balance December 31, 2004	A	<u>\$ 11,931</u>	<u>\$ -0-</u>	<u>\$ 11,931</u>

THE ACCOMPANYING NOTES TO 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, 2004

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 Division of Family Development, Department of Human Services, State of New Jersey. The following is a summary of the significant policies:

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining The Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, 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, 2004
(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, 2004
 (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.

The Division elected to implement the provision of GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* for the year ended December 31, 2004, prior to the required implementation date. GASB Statement No. 40 requires disclosure of the level of custodial risk assumed by the Office 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.

Interest Rate Risk – In accordance with its cash management plan, the Division ensures that any deposit or investment matures within the times 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 cash management plan which are permitted under state statutes as detailed below and on the following page.

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, 2004
 (Continued)

Note C: Cash and Cash Equivalents and 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, 2004 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	\$ 52,868	\$ 52,868
Assistance	180,909	180,909
Clearing	2,281	2,281
Child Support	32,272	32,272
General Assistance	227,738	227,738
Other Accounts	11,931	11,931
	<u>\$ 507,999</u>	<u>\$ 507,999</u>

The carrying amount of the Division's cash at year end was \$507,999 and the bank balance was \$607,693. The Division did not hold any investments at year end.

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.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

Note D: Pension Plan (Cont'd)

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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004
(Continued)

Note F: Contingent Liabilities

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

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART II

YEAR ENDED DECEMBER 31, 2004

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

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> Pass-through Programs From:					
NJ Division of Family Development:					
Temporary Assistance for Needy Families (TANF)	93.558	\$ 1,212,459	1/1/2004	12/31/2004	\$ 1,212,459
Refugee Resettlement Programs	93.566	806	1/1/2004	12/31/2004	806
Administrative Cost Relating to Public Assistance:					
Temporary Assistance for Needy Families (TANF)	93.558	280,278	1/1/2004	12/31/2004	280,278
Title IV-D, Child Support and Paternity Program	93.563	323,702	1/1/2004	12/31/2004	323,702
Title XIX, Medical Assistance Program	93.778	381,321	1/1/2004	12/31/2004	381,321
Title XX, Social Services Block Grant	93.667	237,201	1/1/2004	12/31/2004	237,201
State Children's Insurance Program	93.767	113,539	1/1/2004	12/31/2004	113,539
Total Department of Health and Human Services		<u>2,549,306</u>			<u>2,549,306</u>
NJ Division of Medical Assistance and Health Service:					
Title XIX, Medical Assistance Program	93.778	19,141			19,141
Title XIX, Medically Needy Program	93.778	153,487	1/1/2004	12/31/2004	153,487
		<u>172,628</u>			<u>172,628</u>
Social Security Administration:					
Passed through Warren County					
Supplemental Security Income	96.006	39,570	1/1/2004	12/31/2004	39,570
<u>U.S. Department of Agriculture (USDA)/ NJ Department</u> <u>of Human Services (NJ DHS)</u> Passed through from:					
NJ Division of Family Development:					
Administrative Costs Relating to the Food Stamp Program					
U.S.D.A Food Stamp Program	10.551	584,493	1/1/2004	12/31/2004	584,493
Total Federal Financial Assistance		<u>\$ 3,345,997</u>			<u>\$ 3,345,997</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, 2004

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	\$ 661,921	01/01/04	12/31/04	\$ 661,921
Administration Costs	100-054-7550-121	359,780	01/01/04	12/31/04	359,780
Supplemental Security Income	100-054-7550-125	120,281	01/01/04	12/31/04	120,281
Total State Financial Assistance		\$ 1,141,982			\$ 1,141,982

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, 2004

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state financial assistance programs of the County of Warren Division of Temporary Assistance and Social Services. The County of Warren Division of Temporary Assistance and Social Services is defined in Note 1 to the Division's financial statements. All federal and state financial assistance received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using 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*.

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.

D. THRESHOLD FOR FEDERAL AND STATE ASSISTANCE

The threshold for distinguishing federal Type A and B programs was \$300,000. The threshold for distinguishing state Type A and B programs was \$300,000. The Division qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.



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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*

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, 2004 and 2003, with the exception of the Assistance Account which is reported as of December 1, 2004 and 2003, and for the years then ended and have issued our report thereon dated July 21, 2005, which indicated that the financial statements have been prepared on the cash basis of accounting. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 an opinion 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 reportable 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 caused by error or fraud 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.

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 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*.

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

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 21, 2005


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Independent Auditors' Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
and State OMB Circular NJOMB 04-04

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 (the "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, 2004. 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. 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 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 New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Division's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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, 2004.

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 the 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 New Jersey OMB Circular NJOMB 04-04.

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 reportable 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 caused by error or fraud 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 21, 2005


NISIVOCCIA & COMPANY LLP

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2004

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, *Audits of States, Local Governments and Nonprofit Organizations*, and State OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The Division's major federal programs for the year ended December 31, 2004 consisted of the following awards:

	<u>CFDA Number</u>	<u>Expenditures</u>
Temporary Assistance for Needy Families	93.558	\$ 1,492,737
Title XIX, Medical Assistance	93.778	553,949
Administrative Costs - Food Stamp Program	10.551	584,493

- The Division's major state program for the year ended December 31, 2004 consisted of the following award:

	<u>State Account Number</u>	<u>Expenditures</u>
Work First New Jersey - General Assistance	100-054-7550-121	\$ 1,021,701

- 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, 2004
(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 New Jersey's OMB Circular NJOMB 04-04.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2004

There were no prior year audit findings.

COUNTY OF WARREN
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2004

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, 2004
(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