

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE  
AND SOCIAL SERVICES  
FINANCIAL STATEMENTS  
DECEMBER 31, 2006

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
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YEAR ENDED DECEMBER 31, 2006

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COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART I

FINANCIAL STATEMENTS AND OTHER SUPPLEMENTAL SCHEDULES

YEAR ENDED DECEMBER 31, 2006



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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 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, 2006 and 2005 (December 1, 2006 and 2005 for the Assistance Account), and the various related statements of receipts and disbursements for the year ended December 31, 2006 (December 1, 2006 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, 2006 (December 1, 2006 for the Assistance Account), and the receipts and disbursements of the Division's various accounts for the year ended December 31, 2006 (December 1, 2006 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, 2006 (December 1, 2006 for the Assistance Account), and the receipts and disbursements for the year ended December 31, 2006 (December 1, 2006 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 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2007 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 audits 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 B to the Schedules of Expenditures of Federal and State Awards.

Randolph, New Jersey  
July 27, 2007

  
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>2006</u>	<u>2005</u>
Cash and Cash Equivalents:			
Administration	A-1	\$ 38,276	\$ 28,568
Assistance	A-2	769,623	189,915
Clearing	A-3	3,557	18,520
Child Support	A-4	47,913	39,188
General Assistance	A-5		13
Other Accounts	A-6	16,215	13,277
		<u>875,584</u>	<u>289,481</u>
 Fixed Assets		 <u>100,863</u>	 <u>100,863</u>
 Total Assets		 <u>\$ 976,447</u>	 <u>\$ 390,344</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Fund Balances:			
Restricted		\$ 827,308	\$ 250,913
Unrestricted		48,276	38,568
Investment in Fixed Assets		<u>100,863</u>	<u>100,863</u>
 Total Liabilities and Fund Balances		 <u>\$ 976,447</u>	 <u>\$ 390,344</u>

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

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

	<u>Ref.</u>		
Balance December 31, 2005	A	\$	28,568
Increased by Receipts:			
County of Warren:			
Budget Appropriations		\$	4,100,776
Early Employment Initiative			1,544
Federal and State Programs:			
Earned Subsidy Grant			2,661,192
Division of Medical Assistance and Health Services:			
Medical Assistance Program			15,111
Medically Needy Program			74,825
General Assistance Reimbursements/			
Home Energy Assistance Administration Funds			5,226
Child Support Incentives			136,872
Matchable Refunds			8,634
Interest:			
Child Support			74
Other than Child Support			138
Non Temporary Assistance to Needy Families			
Application Fees - Child Support and Paternity Program			132
			7,004,524
			7,033,092
Decreased by Disbursements:			
Operating Disbursements:			
Salaries and Wages			2,564,454
Employee Benefit Plans			1,119,346
Travel Expense			10,650
Office Expense			102,291
Staff Training and Development			5,300
Purchased Services for Clients			201,094
Miscellaneous Matchable Expenses			40,250
Child Support and Paternity Expense			13,657
Electronic Data Processing Expense			39,117
Miscellaneous Non-Matchable Expense			4,617
Funds Returned to County Treasurer:			
2006 County Appropriations			2,894,041
			6,994,816
Balance December 31, 2006	A	\$	38,276

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

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

	<u>Ref.</u>		
Balance December 1, 2005	A	\$	189,915
Increased by Receipts:			
County Participation:			
Assistance for Supplemental Security Income Recipients		\$	136,469
State and Federal Participation:			
Assistance for Supplemental Security Income Recipients			220,000
Recoveries:			
Temporary Assistance to Needy Families:			
County Share			83,854
State and Federal Share			1,203,013
Travel Related Expense Credits			2,904
Child Support Program Disregards			42,715
Public Assistance - County			1,402
Public Assistance - State			20,879
			<u>1,711,236</u>
			<u>1,901,151</u>
Decreased by Disbursements:			
Assistance for Supplemental Security Income Recipients:			
County Share			25,555
State and Federal Share			76,664
Temporary Assistance to Needy Families:			
County Share			34,932
State and Federal Share			663,712
Child Support Program Disregards			7,706
Travel Related Expenses			112,268
Returned to State Treasurer:			
Supplemental Security Income			146,000
Temporary Assistance to Needy Families			43,835
Child Support and Paternity Program			20,856
			<u>1,131,528</u>
Balance December 1, 2006	A	\$	<u>769,623</u>

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



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

	<u>Ref.</u>	
Balance December 31, 2005	A	\$ 18,520
Increased by:		
Refunds of Overpayments		\$ 9,206
Old Age Assistance		2,084
Due to Essex		1,016
Other Collections		1,200
Food Stamp Recoupments		250
Medical Assistance		1,819
Aid to the Disabled		67
Interest		11
		15,653
		34,173
Decreased by:		
Reimbursement to State Treasurer:		
Food Stamp Recoupments		934
Medical Assistance		3,601
Restitution For HEA		425
Reimbursements to Clients - Other Counties		1,202
Due General Assistance		2,009
Due Assistance		22,281
Cash to Client		164
		30,616
Balance December 31, 2006	A	\$ 3,557

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN  
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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, 2005	A	\$ 39,188
Increased by:		
Regular Collections		\$ 429,853
Federal Tax Offset		140,100
New Jersey Tax Offset		4,288
Unemployment Offset		24,147
Voluntary Payment		523
Other State Taxes		1,119
Blood Tests		2,564
Interest		<u>109</u>
		<u>602,703</u>
		641,891
Decreased by:		
Refunds to Assistance Account		399,206
Incentive Payments		136,872
Child Support Program Disregard Payments		41,951
Surplus Payments to Clients		6,953
Blood Tests		2,719
IRS/NJ Homestead		5,915
Refunds to Probation		255
Interest		<u>107</u>
		<u>593,978</u>
Balance December 31, 2006	A	<u><u>\$ 47,913</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2005	A	\$ 13
Increased by:		
State Aid Payments		\$ 899,699
Supplemental Security Income - Initial Refund Checks		110,536
Refunds - Eligible Assistance		7,565
Due from the State of New Jersey		3,001
Other		9,247
		<u>1,030,048</u>
		1,030,061
Decreased by:		
General Assistance Expenditures		1,465,227
Supplemental Security Income - Refunds to Clients		8,677
ZBA Debits		50,868
Electronic Benefit Transfers		(495,110)
Other		399
		<u>1,030,061</u>
Balance December 31, 2006	A	<u>\$ -0-</u>

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

	<u>Ref.</u>		<u>Reach</u>
Balance December 31, 2005	A		\$ 13,277
Increased by:			
Assistance Reimbursements		\$ 52,712	
Interest		24	
		<u>52,736</u>	
			<u>66,013</u>
Decreased by:			
Reach Expenses			<u>49,798</u>
Balance December 31, 2006	A		<u>\$ 16,215</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, 2006

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") publication, Codification of Governmental and Financial Reporting Standards, 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. 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 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, 2006  
(Continued)

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

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.

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.

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.

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. Capital assets are reviewed for impairment.

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.

Note C: 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.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

(Continued)

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

The Division implemented the provisions of GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* for the year ended December 31, 2004. 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 the County of Warren's 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's cash management plan which are permitted under state statutes as on the following pages.

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; 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.

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;

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006  
(Continued)

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

- (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
- (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, 2006 and for 2005, respectively 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>2006</u> <u>Checking</u> <u>Accounts</u>	<u>2005</u> <u>Checking</u> <u>Accounts</u>
Administration	\$ 38,276	\$ 28,568
Assistance	769,623	189,915
Clearing	3,557	18,520
Child Support	47,913	39,188
General Assistance		13
Other Accounts	16,215	13,277
	<u>\$ 875,584</u>	<u>\$ 289,481</u>

The carrying amount of the Division's cash at year end was \$875,584 and the bank balance was \$818,862 for 2006. The carrying amount of the Division's cash at year end \$289,481 and the bank balance was \$262,118 for 2005. The Division did not hold investments and the end of either year.



COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006  
 (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 5.00% 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.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

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).

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

(Continued)

Note E: Post-Retirement Benefits

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.

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.

Note G: General Fixed Assets

In 2005, the Division elected to utilize the same threshold as the County of Warren in capitalizing fixed assets. The threshold established by the County of Warren and now utilized by the Division is \$5,000.00.

	Balance Dec. 31, 2005	Balance Dec. 31, 2006
General Fixed Assets	\$ 100,863	\$ 100,863
	<u>\$ 100,863</u>	<u>\$ 100,863</u>

Note H: 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 I: 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, 2006  
 (Continued)

Note J: Risk Management

Warren County 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. Health benefits are provided to employees through Horizon Blue Cross Blue Shield.

Property, Liability and Workers' Compensation

The County is also a member of the Statewide 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 these Funds, the County could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Funds' liabilities.

The Funds 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.

Selected financial information for the Funds is as follows:

	Statewide Insurance Fund Dec. 31, 2005	Statewide Insurance Fund Dec. 31, 2004
Total Assets	\$ 23,326,641	\$ 19,948,464
Net Assets	\$ 136,353	\$ 895,820
Total Revenue	\$ 21,777,999	\$ 18,839,604
Total Expenses	\$ 22,676,739	\$ 19,330,977
Change in Net Assets for the Year Ended December 31	\$ (759,467)	\$ (61,891)
Net Asset Distribution to Participating Members	\$ -0-	\$ -0-

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

(Continued)

Note J: Risk Management (Cont'd)

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

Statewide Insurance Fund:  
 28 Columbia Turnpike  
 Florham Park, NJ 07932

Health Benefits Insurance

The County currently maintains medical and prescription health care insurance with Horizon Blue Cross Blue Shield of New Jersey. The County advances funds to Horizon to pay medical and prescription claims for the County. The balance of the account is in the Other Trust Fund, and is made up of money market, and certificates of deposit. The County had \$25,000.00 of encumbrances of its 2004 financial statements which were liquidated in 2005.

The following is a summary of County activity and ending balance of the County's trust fund for the current and the prior year:

Year	Insurance Premiums	Interest Earned	Claims and Administration Costs	Ending Balance
2004	\$ 11,487,376.82	\$ 74,145.32	\$ 9,907,732.49	\$ 4,659,574.38
2005	12,188,633.25	136,135.97	10,622,957.82	6,361,385.78
2006	13,654,599.92	312,963.50	13,725,722.35	6,603,226.85

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:

Year	County Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2004	\$ 32,748.39	\$ 35,642.76	\$ 1,185.41	\$ 97,813.80	\$ 74,924.18
2005	48,858.05	32,011.13	2,885.48	93,361.46	65,317.38
2006	39,754.72	45,432.99	3,206.55	97,493.39	56,218.25

COUNTY OF WARREN

DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES

PART II

YEAR ENDED DECEMBER 31, 2006

WARREN COUNTY DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

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 Department of Human Services, Division of Family Development:					
Temporary Assistance for Needy Families (TANF)	93.558	\$ 1,502,817	1/1/2006	12/31/2006	\$ 1,502,817
Refugee Resettlement Programs	93.566	3,813	1/1/2006	12/31/2006	3,813
Administrative Cost Relating to Public Assistance:					
Temporary Assistance for Needy Families (TANF)	93.558	319,019	1/1/2006	12/31/2006	319,019
Title IV-D, Child Support and Paternity Program	93.563	344,562	1/1/2006	12/31/2006	344,562
Title XIX, Medical Assistance Program	93.778	597,215	1/1/2006	12/31/2006	597,215
Title XX, Social Services Block Grant	93.667	146,127	1/1/2006	12/31/2006	146,127
State Children's Insurance Program	93.767	154,759	1/1/2006	12/31/2006	154,759
Total Department of Health and Human Services		<u>3,068,312</u>			<u>3,068,312</u>
NJ Division of Medical Assistance and Health Service:					
Title XIX, Medically Needy Program/Medical Assistance Program	93.778	147,762	1/1/2006	12/31/2006	147,762
		<u>147,762</u>			<u>147,762</u>
<u>Social Security Administration:</u>					
Supplemental Security Income	96.006	110,536	1/1/2006	12/31/2006	110,536
<u>U.S. Department of Agriculture:</u>					
Passed through from:					
NJ Department of Human Services, Division of Family Development:					
Administrative Costs Relating to the Food Stamp Program:					
U.S.D.A Food Stamp Program	10.551	537,114	1/1/2006	12/31/2006	537,114
Total Federal Awards		<u>\$ 3,863,724</u>			<u>\$ 3,863,724</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, 2006

Name of State Agency of Department	State Account #	Grant Award Amount	Grant Period		Expenditures	Memo Only Cumulative Expenditures
			From	To		
<u>NJ Department of Human Services:</u>						
<u>Division of Family Development:</u>						
Work First New Jersey - General Assistance:						
Administration Costs	100-054-7550-121	\$ 386,273	1/1/2006	12/31/2006	\$ 386,273	\$ 386,273
Client Assistance	100-054-7550-121	1,363,368	1/1/2006	12/31/2006	1,363,368	1,363,368
		<u>1,749,641</u>			<u>1,749,641</u>	<u>1,749,641</u>
Supplemental Security Income	100-054-7550-125	76,664	1/1/2006	12/31/2006	76,664	76,664
Total State Awards		<u>\$ 1,826,305</u>			<u>\$ 1,826,305</u>	<u>\$ 1,826,305</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, 2006

A. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award 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 awards received directly from federal and state agencies, as well as federal and state awards 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 AWARDS

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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 Fax: 973-383-6555

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 component unit financial statements of the County of Warren Division of Temporary Assistance and Social Services (the "Division") as of, and for the years ended, December 31, 2006 and 2005, with the exception of the Assistance Account which is reported as of December 1, 2006 and 2005 and have issued our report thereon dated July 27, 2007, which indicated that the financial statements have been prepared on an other comprehensive 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Division's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles prescribed by the State of New Jersey, Department of Human Services, Division of Family Development, such that there is more than a remote likelihood that a misstatement of the Division's financial statements that is more than inconsequential will not be prevented or detected by the Division's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Division's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the members of the Board of Chosen Freeholders, 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 27, 2007

  
NISIVOCCIA & COMPANY LLP



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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 (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended December 31, 2006. 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 audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's 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's OMB 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 on 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, 2006.

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, but not for the purpose of expressing our 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 control deficiency in the Division's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Division's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be detected by the Division's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the Division's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 27, 2007

  
NISIVOCCIA & COMPANY LLP

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2006

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 or significant deficiencies in the internal controls of the Division.
- The audit did not disclose any material weaknesses or significant deficiencies 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, 2006 consisted of the following awards:

	CFDA Number	Expenditures
Temporary Assistance for Needy Families	93.558	\$ 1,821,836
Title XIX, Medical Assistance	93.778	744,977
Administrative Costs - Food Stamp Program	10.551	537,114

- The Division's major state program for the year ended December 31, 2006 consisted of the following award:

	State Account Number	Expenditures
Work First New Jersey - General Assistance:		
Administration Costs	100-054-7550-121	\$ 386,273
Client Assistance	100-054-7550-121	1,363,368

- 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, 2006  
(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 NJOMB Circular 04-04.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2006

There were no prior year audit findings.

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
PART III  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2006



COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2006

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 July 1, 2005 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

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

COUNTY OF WARREN  
DIVISION OF TEMPORARY ASSISTANCE AND SOCIAL SERVICES  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2006  
(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