

COUNTY OF WARREN
OFFICE OF THE CLERK
REPORT OF AUDIT
2009

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEARS ENDED DECEMBER 31, 2009 AND 2008
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Independent Auditors' Report

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

We have audited the balance sheet of the Office of the County Clerk, a component unit of the County of Warren, as of December 31, 2009 and 2008, as listed in the table of contents. This financial statement is the responsibility of the management of the Office of the County Clerk. Our responsibility is to express opinions on this financial statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audits 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.

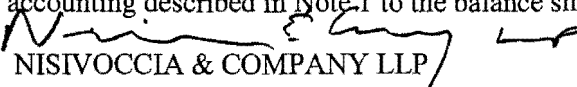
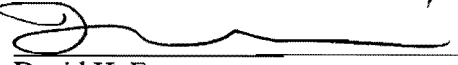
As discussed in Note 1, the balance sheet has been prepared in conformity with the accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the balance sheet of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Office of the County Clerk prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the County Clerk as of December 31, 2009 and 2008.

However, in our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Office of the County Clerk as of December 31, 2009 and 2008, in conformity with accounting principles prescribed by the Division, as described in Note 1.

Our audits were performed for the purpose of forming opinions on the balance sheet taken as a whole. The supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audits of the balance sheet mentioned above and, in our opinion, is fairly stated in all material respects in relation to the balance sheet taken as a whole on the basis of accounting described in Note 1 to the balance sheet.

Mount Arlington, New Jersey
June 10, 2010


NISIVOC CIA & COMPANY LLP

David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

FINANCIAL STATEMENT

COUNTY OF WARREN
OFFICE OF THE CLERK
COMPARATIVE BALANCE SHEET

	December 31,	
	2009	2008
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 315,695.68	\$ 286,160.53
Change Fund	200.00	200.00
Due from Passport Agencies	70.00	70.00
TOTAL ASSETS	\$ 315,965.68	\$ 286,430.53
<u>LIABILITIES AND RESERVES</u>		
Fines Due to Municipalities	\$ 120.00	\$ 120.00
Court Deposits	140.00	140.00
Recount Fees	187.00	187.00
Charge Accounts	55,396.55	57,521.21
Due to Warren County Treasurer	91,984.18	84,665.32
Due to Warren County Treasurer, Public Health Priority Funds	12,305.75	10,397.25
Due to Secretary of State	274.50	313.50
Due to State of New Jersey, Division of Taxation	116,042.70	104,728.25
Due to State of New Jersey, Preservation Fund	39,515.00	28,358.00
TOTAL LIABILITIES AND RESERVES	\$ 315,965.68	\$ 286,430.53

THE ACCOMPANYING NOTES TO THE BALANCE SHEET
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Office of the County Clerk, County of Warren conform to the accounting principles applicable to counties which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

A. Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting 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. Accordingly, the Office of the Clerk is a component unit of the County of Warren under the provisions of Government Accounting Standards Board's Codification Section 2100.

B. Basis of Accounting

The accounting principles and practices prescribed for counties by the Division differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units ("GAAP"). The more significant differences are as follows:

Receipts - receipts are recognized on a cash basis. GAAP requires such revenue to be recognized in the accounting period when they are measurable and available to fund current year's expenditures, reduced by an allowance for doubtful accounts.

Reserves/Disbursements - reserves are established to reflect amounts due to other governments, County offices, or other third parties. Disbursements are recognized when paid rather than when the obligation is incurred. GAAP requires such obligations to be recorded as liabilities and expenditures in the period in which the obligations were incurred, if measurable.

Investments - investments, which consist of certificates of deposit, are recorded at cost plus interest earned as reported by the respective financial institutions.

C. Function of the Office of the County Clerk

The Office of the County Clerk acts as an intermediary for the Department of Treasury, State of New Jersey, and the U.S. Department of Justice by collecting fees for naturalization, passports, enrollments, incorporations, and other miscellaneous charges, and remitting the proceeds to the respective agencies. Fees for registering mortgages, deeds, power of attorney, etc., and related charges are remitted to the County. Receipts are recorded at the time the cash is received.

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 2: Cash and Cash Equivalents:

Cash and cash equivalents 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 plus interest earned, which approximates market. The County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board 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 purchase of 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;

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 2: Cash and Cash Equivalents (Cont'd)

- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (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.

The office of the County Clerk did not hold any investments during the year ending December 31, 2009. As of December 31, 2009, the carrying amount of the cash and cash equivalents of the Office of the County Clerk was \$315,695.68 and the bank balance was \$308,310.98.

SUPPLEMENTAL SCHEDULE

COUNTY OF WARREN
OFFICE OF THE CLERK
SCHEDULE OF CASH

	Balance at December 31, 2008	Receipts	Disbursements	Balance at December 31, 2009
Fines Due to Municipalities	\$ 120.00			\$ 120.00
Court Deposits	140.00			140.00
Recount Fees	187.00			187.00
Charge Accounts	57,521.21	\$ 173,746.45	\$ 175,871.11	55,396.55
Due to Warren County Treasurer	84,665.32	1,037,274.62	1,029,955.76	91,984.18
Due to Warren County Treasurer - Public Health				
Priority Funds	10,397.25	144,584.00	142,675.50	12,305.75
Due to Secretary of State	313.50	3,923.00	3,962.00	274.50
Due to State of New Jersey,				
Division of Taxation	104,728.25	1,512,430.15	1,501,115.70	116,042.70
Due to State of New Jersey,				
Preservation Fund	28,358.00	450,360.00	439,203.00	39,515.00
	<u>\$ 286,430.53</u>	<u>\$ 3,322,318.22</u>	<u>\$ 3,292,783.07</u>	<u>\$ 315,965.68</u>

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2009



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June 10, 2010

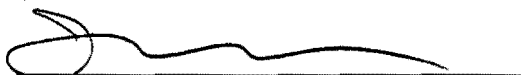
The Honorable Director and Members
 of the Board of Chosen Freeholders
 County of Warren
 Belvidere, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of the Office of the County Clerk, County of Warren for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010.

As part of our audit, we performed procedures required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the findings and results, thereof are disclosed on the following page. This letter does not affect our report dated June 10, 2010, on the balance sheet of the Office of the County Clerk.

We will review the status of the comments during our next audit engagement. We have already discussed the comment and recommendation with various management personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.


 NISIVOCIA & COMPANY LLP


 David H. Evans
 Registered Municipal Accountant #98
 Certified Public Accountant

COUNTY OF WARREN
OFFICE OF COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

General Account

It was noted that the reports currently being used to show the classification of receipts do not in total equal the amount of total receipts being shown on the bank reconciliation, and that there is no true receipts ledger maintained.

Recommendations

It is recommended that there be a ledger kept to track receipt activities in both the Customer and General Accounts.

Management's Response

The Office of the County Clerk is aware of the situation and will maintain a ledger system which will prove receipts for any given time period.

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR –
STATE SEIZED AND FORFEITED ASSETS FUND
REPORT OF AUDIT
YEAR ENDED DECMEBER 31, 2009

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEAR ENDED DECEMBER 31, 2009
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Independent Auditors' Report

Office of the County Prosecutor
 County of Warren
 Belvidere, New Jersey

We have audited the accompanying financial statements of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund (the "Fund"), a component unit of the County of Warren as of December 31, 2009, and for the year then ended. These financial statements are the responsibility of the management of the Office of the County Prosecutor. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed for seized and/or forfeited property issued by the Attorney General's Office, Department of Law and Public Safety, State of New Jersey (the "AG"), 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 audit provides a reasonable basis for our opinions.

As discussed in Note 1, these component unit financial statements have been prepared in conformity with accounting principles prescribed by the AG, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the component unit financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Office of the County Prosecutor prepares the Prosecutor's Fund component unit financial statements on the basis of accounting discussed in the third paragraph, the component unit financial statements referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund as of December 31, 2009, and the results of its operations and its cash flows for the year then ended.

However, in our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund as of December 31, 2009 and the results of operations and changes in fund balances and cash flows for the year then ended, in conformity with the accounting principles prescribed by the AG, as described in Note 1.

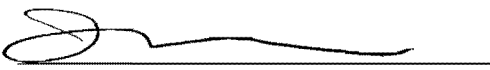
Office of the County Prosecutor
County of Warren
Belvidere, New Jersey

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2010 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 audit.

Our audit was conducted for the purpose of forming opinions on the component unit financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the component unit financial statements. This information has been subjected to the auditing procedures applied in our audit of the component unit financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole on the basis of accounting described in Note 1 to the financial statements.

Mount Arlington, New Jersey
June 10, 2010


NISIVOCCIA & COMPANY LLP


David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

FINANCIAL STATEMENTS

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
LAW ENFORCEMENT TRUST FUNDS
BALANCE SHEET
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Seized Funds Held in Evidence	Confidential Account	Firearms Training System Account	Federal Equitable Sharing Account	Municipal Law Enforcement Trust	December 31,	
									2009	2008
<u>Assets</u>										
Cash and Cash Equivalents	\$ 39,422	\$ 440,614	\$ 4,411	\$ 20,103	\$ 5,691	\$ 375	\$ 3,832	\$ 30,563	\$ 545,012	\$ 591,902
Vehicles and Property	34,195								34,195	89,945
Total Assets	<u>\$ 73,617</u>	<u>\$ 440,614</u>	<u>\$ 4,411</u>	<u>\$ 20,103</u>	<u>\$ 5,691</u>	<u>\$ 375</u>	<u>\$ 3,832</u>	<u>\$ 30,563</u>	<u>\$ 579,207</u>	<u>\$ 681,847</u>
<u>Liabilities and Fund Balance</u>										
Reserve for Assets in Custodianship of the Prosecutor	\$ 34,195								\$ 34,195	\$ 89,945.00
Reserve for Confidential Funds					\$ 5,691				5,691	3,191
Reserve for Seized Funds				\$ 20,103					20,103	18,110
Fund Balance	39,422	\$ 440,614	\$ 4,411			\$ 375	\$ 3,832	\$ 30,563	519,218	570,601
Total Liabilities and Fund Balance	<u>\$ 73,617</u>	<u>\$ 440,614</u>	<u>\$ 4,411</u>	<u>\$ 20,103</u>	<u>\$ 5,691</u>	<u>\$ 375</u>	<u>\$ 3,832</u>	<u>\$ 30,563</u>	<u>\$ 579,207</u>	<u>\$ 681,847</u>

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

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
LAW ENFORCEMENT TRUST FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Firearms Training System Account	Federal Equitable Sharing Account	Municipal Law Enforcement Trust	Petty Cash	December 31,	
								2009	2008
<u>Revenue</u>									
Seized Funds	\$ 38,468	\$ 110						\$ 38,578	\$ 157,121
Proceeds from Auction	1,143							1,143	2,802
Interest On Investments	272	3,346	\$ 36		\$ 28	\$ 168		3,851	19,055
Transfer from Seized Asset Trust Account		22,765				12,108		34,873	45,119
Transfer from Seized Funds Held in Evidence									10,032
Encumbrances Returned									3,363
Check Returned/ Voided		9,921	20					9,941	
Funds Received to be Held as Evidence	2,243	6						2,249	
Petty Cash Reimbursements			620				\$ 46,572	47,192	52,783
Total Revenue	<u>42,126</u>	<u>36,149</u>	<u>676</u>		<u>28</u>	<u>12,276</u>	<u>46,572</u>	<u>137,826</u>	<u>290,275</u>
<u>Expenditures and Other Charges</u>									
Encumbrances									
Refunds of Seized Funds	305							305	7,127
Municipal and Other Law Enforcement Agency Distribution	225							225	8,388
Asset Maintenance and Forfeiture Costs			1,556					1,556	1,296
Law Enforcement Expenditures		102,675				3,003		105,679	127,270
Due Law Enforcement Trust Account	22,765							22,765	43,619
Due Municipal Law Enforcement Trust Account	12,108							12,108	1,500
Petty Cash Expenditures							46,572	46,572	53,239
Total Expenditures and Other Changes	<u>35,403</u>	<u>102,675</u>	<u>1,556</u>			<u>3,003</u>	<u>46,572</u>	<u>189,209</u>	<u>242,439</u>
Excess/(Deficit) of Revenue Over Expenditures and Other Changes	6,723	(66,527)	(880)		28	9,272		(51,383)	47,836
Fund Balance January 1	<u>32,699</u>	<u>507,141</u>	<u>5,292</u>	<u>\$ 375</u>	<u>3,804</u>	<u>21,291</u>		<u>570,601</u>	<u>522,765</u>
Fund Balance December 31	<u>\$ 39,422</u>	<u>\$ 440,614</u>	<u>\$ 4,412</u>	<u>\$ 375</u>	<u>\$ 3,832</u>	<u>\$ 30,563</u>	<u>\$ - 0 -</u>	<u>\$ 519,218</u>	<u>\$ 570,601</u>

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

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
LAW ENFORCEMENT TRUST FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Seized Funds Held in Evidence	Confidential Account	Firearms Training System Account	Federal Equitable Sharing Account	Municipal Law Enforcement Trust	Petty Cash	Total
<u>Cash Flows From Operating Activities</u>										
Seized Funds	\$ 38,468	\$ 110		\$ 4,242						\$ 42,820
Proceeds from Auction	1,143									1,143
Interest On Investments	272	3,346	\$ 36				\$ 28	\$ 168		3,851
Received from County Treasurer					\$ 10,000					10,000
Distribution from Seized Asset Trust Account		22,765						12,108		34,873
Cash Held as Evidence Received	2,243	6								2,249
Funds Received to be Held as Evidence		9,921	20							9,941
Reimbursement for Towing Services			620							620
Petty Cash Reimbursements									\$ 46,572	46,572
Cash Provided from Operating Activities	42,126	36,149	676	4,242	10,000		28	12,276	46,572	152,068
Cash Paid for Refunds of Seized Funds	305									305
Cash Paid to Other Agencies for Asset Share	225									225
Cash Paid for Asset Maintenance and Forfeiture Costs			1,556							1,556
Cash Paid for Law Enforcement Expenditures		102,675						3,003		105,679
Cash Paid for Confidential Fund Expenditures					7,500					7,500
Cash Paid to County Law Enforcement Trust Account	22,765			6						22,771
Cash Paid to Seized Asset Trust Account				2,243						2,243
Cash Paid to Municipal Law Enforcement Trust	12,108									12,108
Cash Paid for Petty Cash Expenditures									46,572	46,572
Cash Paid from Operating Activities	35,403	102,675	1,556	2,249	7,500			3,003	46,572	198,958
Net Increase/(Decrease) in Cash	6,723	(66,527)	(880)	1,993	2,500		28	9,272		(46,890)
Cash Balance January 1, 2009	32,699	507,141	5,292	18,110	3,191	375	3,804	21,290		591,902
Cash Balance December 31, 2009	\$ 39,422	\$ 440,614	\$ 4,412	\$ 20,103	\$ 5,691	\$ 375	\$ 3,832	\$ 30,562		\$ 545,012

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

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund, County of Warren, conform to regulations governing forfeiture and distribution of property and funds prescribed by the Attorney General's Office, Department of Law and Public Safety, State of New Jersey. Such regulations are designed primarily for determining compliance with legal provisions and as a means of reporting on the stewardship of public officials with respect to forfeited property.

A. Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting 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. Accordingly, the Office of the Prosecutor is a component unit of the County of Warren under the provisions of Government Accounting Standards Board's Codification Section 2100.

B. Basis of Accounting

The accounting principles and practices prescribed for counties by the Attorney General's Office differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units (GAAP). The more significant differences are as follows:

Revenues - revenues are recognized on a cash basis. GAAP requires such revenue to be recognized in the accounting period when they are measurable and available to fund current year's expenditures, reduced by an allowance for doubtful accounts.

Reserves/Expenditures - reserves are established to reflect amounts due to other governments, County offices, or other third parties. Expenditures are recognized when the obligation is incurred. GAAP requires such obligations to be recorded as liabilities and expenditures in the period in which the obligations were incurred, if measurable, and expected to be liquidated with current available financial resources.

C. Function of the Office of the County Prosecutor

The Office of the County Prosecutor administers the property and funds which a municipal law enforcement agency receives as a result of seizures and forfeitures brought under the authority of NJSA 2C:64-1 et seq. The Office of the County Prosecutor also participates in the Equitable Sharing of Federally Forfeited Property. The Office of the County Prosecutor maintains the following accounts:

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Function of the Office of the County Prosecutor (Cont'd)

County Prosecutor's Law Enforcement Trust Fund (CLETA) – accounts for funds or proceeds from the sale of forfeited property received by the County Prosecutor's office. These funds are to be used to benefit the prosecutor's office.

Asset Maintenance Fund – accounts for interest earned on seized assets. These funds are to be used for forfeiture related purposes such as costs directly related to the administration or operation of the forfeiture program and the seizure, acquisition, maintenance and preservation of seized property prior to a final judgment of forfeiture.

Seized Asset Trust Account (SATA) – accounts for the seized funds not yet forfeited.

Municipal Law Enforcement Trust Fund (MLETA) – accounts for individual municipalities' share of interest earned on seized assets and funds or proceeds from the sale of forfeited property received by the County Prosecutor's office. These funds are to be used to benefit the local law enforcement agency of the municipality.

Firearms Training System Account – accounts for funds designated for the purpose of firearms training of law enforcement agencies in the County.

Federal Equitable Sharing Account – accounts for the Warren County Prosecutor's share of federally forfeited assets secured through the United States Marshal's Office. This fund is to be used to benefit the prosecutor's office.

D. Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by account. Such information does not include sufficient detail to constitute a presentation in conformity with the accounting principles prescribed by the Attorney General. Accordingly, such information should be read in conjunction with the Office of the County Prosecutor's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents 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 County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009
 (Continued)

Note 2: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the County ensures that any deposit or investment matures within the time period that approximated 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 County limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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 on deposit.

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board 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 purchase of the following types of securities:

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

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

(Continued)

Note 2: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd):

- (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 31, 2009, cash and cash equivalents at the Office of the County Prosecutor's consisted of deposits in checking accounts and cash on hand held in evidence. The carrying amount of the County Prosecutor's cash at December 31, 2009 was \$545,012 and the bank balance was \$526,708.

Note 3: Seized and Forfeited Assets Held

Seized and forfeited assets are valued at estimated wholesale value. Vehicles are auctioned off when the County gains title, and proceeds from the auction are deposited into the forfeited assets account. As of December 31, 2009, the following seized and forfeited assets were held:

File #	Description				Value	Location
	Year	Make	Model	Serial #		
N036-04	1995	Dodge	Stratus	1B3EJ56H7SN528526	\$ 1,325	Warren Co. In Use
N063-05	1999	Chevy	Cavalier	1B3EJ56H7SN528526	2,075	Warren Co. In Use
N023-06	1999	Chevy	Blazer	1GNDT13W2X2206893	5,270	Warren Co. Impound
NA09-029	2004	Mazda	Mazda 3	JM1BK323941134081	6,165	Warren Co. In Use
NA09-015	1991	Mazda	626	1YVGD22B7M5192565	600	Warren Co. Impound
NA09-015	1996	Hyundai	Elantra	KMHJF24M8TU289147	685	Warren Co. In Use
NA09-015	2006	Jeep	Commander	1J8HG 48K96 C2290 76	11,000	Warren Co. Impound
NA09-015	1994	Chevy	Pick Up	1GCCS 144XR K1194 30	1,600	Warren Co. Impound
NA09-050	1999	Mercedez Benz	C230-Kompresor	WDBH 24G4X A770532	4,000	Warren Co. Impound
IN10-012	2002	Ford	Van/Econoline	1FTNE 24222 HB133 37	1,475	Warren Co. Impound
					<u>\$ 34,195</u>	

SUPPLEMENTAL SCHEDULES

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
SCHEDULE OF DISTRIBUTION TO LAW ENFORCEMENT AGENCIES
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Law Enforcement Agencies</u>	<u>Distribution</u>
Municipal Law Enforcement Trust Account:	
Washington Borough	\$ 1,141
Pohatcong Township	675
Independence Township	<u>1,187</u>
Total Law Enforcement Distribution	<u>\$ 3,003</u>

COUNTY OF WARREN
 OFFICE OF THE PROSECUTOR
SCHEDULE OF LAW ENFORCEMENT TRUST FUND &
ASSET MAINTENANCE ACCOUNT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

Description	Asset Maintenance Account	Law Enforcement Trust Account
Audio and Video Security System and Related Equipment		\$ 10,000
Audit Expense		5,400
Computer Equipment & Accessories		1,080
Conference / Registration Fees		22,392
Motor Vehicle Title & Towing Fees	\$ 1,286	
New Jersey Lawyer's Fund		2,350
Youth Program Supplies and Incentives		4,377
Uniform Expense		29,072
Other Miscellaneous	270	28,004
	<u>\$ 1,556</u>	<u>\$ 102,675</u>



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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*

Office of the County Prosecutor
 County of Warren
 Belvidere, New Jersey

We have audited the financial statements of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund (the "Prosecutor"), a component unit of the County of Warren, as of and for the year ended December 31, 2009 and have issued our report thereon dated June 10, 2010, which indicated that the component unit financial statements, have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed for seized and/or forfeited property issued by the Attorney General's Office, Department of Law and Public Safety, State of New Jersey (the "AG"), and the standards applicable to financial audits contained in *Governmental 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 Prosecutor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the component unit financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Prosecutor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Prosecutor's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Office of the County Prosecutor
County of Warren
Belvidere, New Jersey
Page 2


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Prosecutor's financial statements are free of material misstatement, we performed tests of the 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*. However, we noted certain matters which we reported to management in the Auditors' Management Report and Administrative Findings – Financial, Compliance and Performance.

This report is intended solely for the information and use of management, the members of the Office of the Prosecutor, and to meet the requirements for filing with the Attorney General's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Mount Arlington, New Jersey
June 10, 2010


NISIVOCCIA & COMPANY LLP


David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2009



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June 10, 2010

Office of the County Prosecutor
County of Warren
Belvidere, New Jersey


We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund, County of Warren for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010 .

As part of our audit, we performed procedures required by the Attorney General's Office, Department of Law and Public Safety, State of New Jersey, and the results, thereof are disclosed on the following pages. This letter does not affect our report dated June 10, 2010 , on the financial statements of the Office of the County Prosecutor - State Seized and Forfeited Assets Fund.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.



NISIVOCIA & COMPANY LLP



David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
COMMENTS AND RECOMMENDATIONS

Seized Funds:

Our review of the seized funds revealed that procedures required by the State Attorney General's Office regarding completeness of Seizure Reports and the timely turnover of seized currency were not always followed. Policy Statement 5:1 states that a Seizure Report must be completed at the time of seizure and contain the date and time of seizure and the claimant's contact information. This form is required to be submitted to the County Prosecutor's Office. Policy Statement 5:1 also states that seized currency must be turned over to County Prosecutor's Office within forty-eight hours of seizure. Our testing revealed that not all Seizure Reports were completed with the required claimant's information and the time of seizure and that not all seized currency was turned over to the County Prosecutor's Office in a timely manner.

Recommendation:

It is recommended that the County Prosecutor's Office require municipalities to adhere to policy statement 5:1 regarding the turnover of seized currency to the County Prosecutor's Office within forty-eight hours.

Management's Response:

The staff of the Warren County Prosecutor's Office will continue, as we have done in the past, to educate and remind the local police departments of the timely turnover of seized currency as dictated by the Forfeiture Standard Operating Procedures and the Office's Forfeiture Directive.

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The County Prosecutor's Office require municipalities to adhere to policy statement 5:1 regarding the turnover of seized currency to the County Prosecutor's Office within forty-eight hours.

COUNTY OF WARREN
OFFICE OF THE SHERIFF
REPORT OF AUDIT
2009

COUNTY OF WARREN
OFFICE OF THE SHERIFF
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEAR ENDED DECEMBER 31, 2009
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Independent Auditors' Report

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

We have audited the balance sheet of the Office of the Sheriff, a component unit of the County of Warren, as of December 31, 2009 and 2008. This financial statement is the responsibility of the management of the Office of the Sheriff. Our responsibility is to express opinions on this financial statement based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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.

As discussed in Note 1, the balance sheet has been prepared in conformity with the accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the balance sheet of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

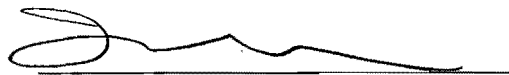
In our opinion, because the Office of the Sheriff prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the Sheriff, as of December 31, 2009 and 2008.

However, in our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Office of the Sheriff as of December 31, 2009 and 2008, in conformity with accounting principles prescribed by the Division, as described in Note 1.

Our audits were performed for the purpose of forming opinions on the balance sheet taken as a whole. The supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in our audits of the balance sheet mentioned above and, in our opinion, is fairly stated in all material respects in relation to the balance sheet taken as a whole on the basis of accounting described in Note 1 to the balance sheet.

Mount Arlington, New Jersey
June 10, 2010


NISIVOC CIA & COMPANY LLP


David H. Evans
Registered Municipal Accountant # 98
Certified Public Accountant

FINANCIAL STATEMENT

COUNTY OF WARREN
OFFICE OF THE SHERIFF
COMPARATIVE BALANCE SHEET

	December 31,	
	2009	2008
ASSETS		
Cash and Cash Equivalents:		
Sales Account	\$ 113,245.79	\$ 153,679.49
General Account	6,804.45	2,752.81
TOTAL ASSETS	<u>\$ 120,050.24</u>	<u>\$ 156,432.30</u>
LIABILITIES AND RESERVES		
Due to County Treasurer	\$ 2,387.92	\$ 3,258.19
Reserve for Wage Executions	5,342.97	2,245.49
Reserve for Foreclosures	112,319.35	150,928.62
TOTAL LIABILITIES AND RESERVES	<u>\$ 120,050.24</u>	<u>\$ 156,432.30</u>

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

COUNTY OF WARREN
OFFICE OF THE SHERIFF
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Office of the Sheriff, County of Warren conform to the accounting principles applicable to counties, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

A. Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting 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. Accordingly, the Office of the Sheriff is a component unit of the County of Warren under the provisions of Government Accounting Standards Board's Codification Section 2100.

B. Basis of Accounting

The accounting principles and practices prescribed for counties by the Division differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units ("GAAP"). The more significant differences are as follows:

Receipts - receipts are recognized on a cash basis. GAAP requires such receipts to be recognized in the accounting period when they are measurable and available to fund current year's expenditures, reduced by an allowance for doubtful accounts.

Reserves/Disbursements - reserves are established to reflect amounts due to other governments, County offices, or other third parties. Disbursements are recognized when paid rather than when the obligation is incurred. GAAP requires such obligations to be recorded as liabilities and expenditures in the period in which the obligations were incurred, if measurable.

Investments - investments, which consist of certificates of deposit, are recorded at cost, plus interest earned as reported by the respective financial institutions.

C. Function of the Office of the Sheriff

The Office of the Sheriff acts as an intermediary for the County Treasurer by collecting fees and receipts generated from foreclosure sales and executions. The Office of the Sheriff maintains the following funds:

Wage Executions - Accounts for the receipts and fees from executions.

Foreclosures - Accounts for the receipts and fees from foreclosures of property.

COUNTY OF WARREN
OFFICE OF THE SHERIFF
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 2: Cash and Cash Equivalents

Cash and cash equivalents 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 plus interest earned, which approximates market. The County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

Deposits:

New Jersey statute permits the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board 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 Office of the Sheriff 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;

COUNTY OF WARREN
OFFICE OF THE SHERIFF
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
 (Continued)

Note 2: Cash and Cash Equivalents (Cont'd):

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (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.

The Office of the Sheriff did not hold any investments during the year ended December 31, 2009. As of December 31, 2009, cash at the Office of the Sheriff's office consisted of deposits in savings and checking accounts. The carrying amount of the Sheriff's cash at December 31, 2009 was \$120,050.24 and the bank balance was \$149,706.91.

SUPPLEMENTAL SCHEDULE

COUNTY OF WARREN
OFFICE OF THE SHERIFF
SCHEDULE OF CASH

	<u>Total</u>	<u>Due to County Treasurer</u>	<u>Wage Executions</u>	<u>Foreclosures</u>
Balance December 31, 2008	\$ 156,432.30	\$ 3,258.19	\$ 2,245.49	\$ 150,928.62
Increased by:				
Fees and Deposits	<u>2,362,809.99</u>	<u>130,067.68</u>	<u>88,797.93</u>	<u>2,143,944.38</u>
	<u>2,519,242.29</u>	<u>133,325.87</u>	<u>91,043.42</u>	<u>2,294,873.00</u>
Decreased by:				
Cash Disbursements	<u>2,399,192.05</u>	<u>130,937.95</u>	<u>85,700.45</u>	<u>2,182,553.65</u>
Balance December 31, 2009	<u><u>\$ 120,050.24</u></u>	<u><u>\$ 2,387.92</u></u>	<u><u>\$ 5,342.97</u></u>	<u><u>\$ 112,319.35</u></u>

COUNTY OF WARREN
OFFICE OF THE SHERIFF
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2009



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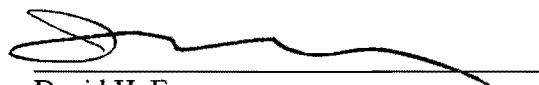
June 10, 2010

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of the Office of the Sheriff, County of Warren for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010.

As part of our audit, we performed procedures required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the findings and results, if any, thereof are disclosed on the following page. This letter does not affect our report dated June 10, 2010, on the balance sheet of the Office of the Sheriff.


NISIVOC CIA & COMPANY LLP


David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

COUNTY OF WARREN
OFFICE OF THE SHERIFF
COMMENTS AND RECOMMENDATIONS

NONE

COUNTY OF WARREN
OFFICE OF THE SURROGATE
REPORT OF AUDIT
2009

COUNTY OF WARREN
OFFICE OF THE SURROGATE
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEAR ENDED DECEMBER 31, 2009
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Independent Auditors' Report

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

We have audited the balance sheet of the Office of the Surrogate, a component unit of the County of Warren, as of December 31, 2009 and 2008. This financial statement is the responsibility of the management of the Office of the Surrogate. Our responsibility is to express opinions on this balance sheet based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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.

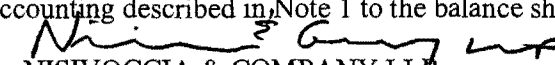
As discussed in Note 1, the balance sheet has been prepared in conformity with the accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the balance sheet of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Office of the Surrogate prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the Surrogate, as of December 31, 2009 and 2008.

However, in our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Office of the Surrogate as of December 31, 2009 and 2008, in conformity with accounting principles prescribed by the Division, as described in Note 1.

Our audits were performed for the purpose of forming opinions on the balance sheet taken as a whole. The supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This information has been subjected the auditing procedures applied in our audits of the balance sheet mentioned above and, in our opinion, is fairly stated in all material respects in relation to the balance sheet taken as a whole on the basis of accounting described in Note 1 to the balance sheet.

Mount Arlington, New Jersey
June 10, 2010


NISIVOCCLA & COMPANY LLP

David H. Evans
Registered Municipal Accountant #98
Certified Public Accountant

FINANCIAL STATEMENT

COUNTY OF WARREN
OFFICE OF THE SURROGATE
COMPARATIVE BALANCE SHEET

	December 31,	
	2009	2008
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Surrogate's Account	\$ 9,469.50	\$ 8,356.25
Client's Account	1,796.68	2,141.68
Guardianship Trust Fund	6,892,982.29	6,938,233.29
Petty Cash	50.00	50.00
TOTAL ASSETS	<u>\$ 6,904,298.47</u>	<u>\$ 6,948,781.22</u>
 <u>LIABILITIES AND RESERVES</u>		
Due to Warren County Treasurer	\$ 9,519.50	\$ 8,406.25
Reserve for Client Advances	1,796.68	2,141.68
Reserve for Guardianship Trust Funds	6,892,982.29	6,938,233.29
TOTAL LIABILITIES AND RESERVES	<u>\$ 6,904,298.47</u>	<u>\$ 6,948,781.22</u>

THE ACCOMPANYING NOTES TO THE BALANCE SHEET
ARE AN INTEGRAL PART OF THIS STATEMENT

COUNTY OF WARREN
OFFICE OF THE SURROGATE
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Office of the Surrogate, County of Warren conform to the accounting principles applicable to counties which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

A. Reporting Entity

Governmental Accounting Standards Board publication Codification of Governmental Accounting 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. Accordingly, the Office of the Surrogate is a component unit of the County of Warren under the provisions of Government Accounting Standards Board's Codification Section 2100.

B. Basis of Accounting

The accounting principles and practices prescribed for counties by the Division differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units ("GAAP"). The more significant differences are as follows:

Receipts - receipts are recognized on a cash basis. GAAP requires such receipts to be recognized in the accounting period when they are measurable and available to fund current year's expenditures, reduced by an allowance for doubtful accounts.

Reserves/Disbursements - reserves are established to reflect amounts due to other governments, County offices, or other third parties. Disbursements are recognized when paid rather than when the obligation is incurred. GAAP requires such obligations to be recorded as liabilities and expenditures in the period in which the obligations were incurred, if measurable.

Investments - investments, which consist of certificates of deposit, are recorded at cost plus interest earned as reported by the respective financial institutions.

C. Function of the Office of the Surrogate

The Office of the Surrogate acts as a guardian for the funds of certain residents, such as minors or incompetents. The Office of the Surrogate also acts as intermediary for the County Treasurer by collecting revenue generated in the form of probate fees and fees for copies of wills and the like. The Office of the Surrogate maintains the following funds:

General Account – Accounts for the receipt of fees of probating wills

Attorney's Deposits – Accounts for the receipts of deposits from attorneys.

COUNTY OF WARREN
OFFICE OF THE SURROGATE
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Function of the Office of the Surrogate

Guardianship Fund - Accounts for the receipt of money for minors and incompetents.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents 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 plus interest earned, which approximates market. The County classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

Interest Rate Risk – In accordance with its cash management plan, the County ensures that any deposit or investment matures within the time period that approximated 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 County limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes permits the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

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 on deposit and

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

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

COUNTY OF WARREN
OFFICE OF THE SURROGATE
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2009
(Continued)

Note 2: Cash and Cash Equivalents

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (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 31, 2009, cash of the Office of the Surrogate consisted of savings, checking, and certificate of deposit accounts. Cash and investments held on behalf of the guardians consisted of savings accounts and certificates of deposit.

The carrying amount of the Office of the Surrogate's cash and cash equivalents at December 31, 2009 was \$6,904,298.47, which consisted of \$5,297,727.21 in savings account, \$11,266.18 in checking accounts and \$1,595,255.08 in certificates of deposit. The total of the corresponding bank balances was \$6,904,482.47.

SUPPLEMENTAL SCHEDULE

COUNTY OF WARREN
OFFICE OF THE SURROGATE
SCHEDULE OF CASH AND INVESTMENTS

	Balance at December 31, 2008	Receipts	Disbursements	Balance at December 31, 2009
Due to Warren County Treasurer	\$ 8,406.25	\$ 121,496.70	\$ 120,383.45	\$ 9,519.50
Reserve for Client Advances	2,141.68	1,000.00	1,345.00	1,796.68
Reserve for Guardianship Trust Funds	6,938,233.29	2,255,398.48	2,300,649.48	6,892,982.29
	<u>\$ 6,948,781.22</u>	<u>\$ 2,377,895.18</u>	<u>\$ 2,422,377.93</u>	<u>\$ 6,904,298.47</u>

COUNTY OF WARREN
OFFICE OF THE SURROGATE
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2009



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June 10, 2010

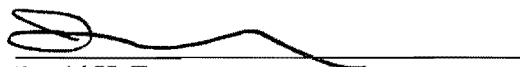
The Honorable Director and Members
of the Board of Chosen Freeholders
County of Warren
Belvidere, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the comparative balance sheet of the Office of the Surrogate, County of Warren for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010.

As part of our audit, we performed procedures required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the findings and results thereof are disclosed on the following page. This letter does not affect our report dated June 10, 2010, on the balance sheet of the Office of the Surrogate.



NISIVOCCIA & COMPANY LLP



David H. Evans
Registered Municipal Accountant #98
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COUNTY OF WARREN
OFFICE OF THE SURROGATE
COMMENTS AND RECOMMENDATIONS

None
