

COUNTY OF WARREN
OFFICE OF THE CLERK
REPORT OF AUDIT
2010

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEARS ENDED DECEMBER 31, 2010 AND 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 County Clerk, a component unit of the County of Warren, as of December 31, 2010 and 2009, 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.

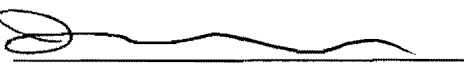
In our opinion, because the Office of the County Clerk prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the County Clerk as of December 31, 2010 and 2009.

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, 2010 and 2009, 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
May 13, 2011


NISIVOCIA 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,	
	2010	2009
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 301,211.75	\$ 315,695.68
Change Fund	200.00	200.00
Due from Passport Agencies	70.00	70.00
TOTAL ASSETS	<u>\$ 301,481.75</u>	<u>\$ 315,965.68</u>
<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	38,915.07	55,396.55
Due to Warren County Treasurer	93,884.73	91,984.18
Due to Warren County Treasurer, Public Health Priority Funds	14,258.00	12,305.75
Due to Secretary of State	219.00	274.50
Due to State of New Jersey, Division of Taxation	110,682.95	116,042.70
Due to State of New Jersey, Preservation Fund	43,075.00	39,515.00
TOTAL LIABILITIES AND RESERVES	<u>\$ 301,481.75</u>	<u>\$ 315,965.68</u>

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, 2010

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 ("GASB") 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 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, 2010
(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 in addition if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank 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, 2010
(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, 2010. As of December 31, 2010, the carrying amount of the cash and cash equivalents of the Office of the County Clerk was \$301,411.75 and the bank balance was \$294,478.66.

SUPPLEMENTAL SCHEDULE

COUNTY OF WARREN
OFFICE OF THE CLERK
SCHEDULE OF CASH

	Balance at December 31, 2009	Receipts	Disbursements	Balance at December 31, 2010
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	\$ 143,020.45	\$ 159,501.93	38,915.07
Due to Warren County Treasurer	91,984.18	1,026,096.95	1,024,196.40	93,884.73
Due to Warren County Treasurer - Public Health				
Priority Funds	12,305.75	145,928.75	143,976.50	14,258.00
Due to Secretary of State	274.50	3,943.50	3,999.00	219.00
Due from Passport Agencies	(70.00)			(70.00)
Due to State of New Jersey,				
Division of Taxation	116,042.70	1,284,701.80	1,290,061.55	110,682.95
Due to State of New Jersey,				
Preservation Fund	39,515.00	425,560.00	422,000.00	43,075.00
	<u>\$ 315,895.68</u>	<u>\$3,029,251.45</u>	<u>\$3,043,735.38</u>	<u>\$ 301,411.75</u>

COUNTY OF WARREN
OFFICE OF THE COUNTY CLERK
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2010



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May 13, 2011

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, 2010, and have issued our report thereon dated May 13, 2011.

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 May 13, 2011, 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 LLP

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

COUNTY OF WARREN
OFFICE OF COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

Customer Account

During the course of the audit it was noted that the carrying amount of the cash per the bank reconciliation is less than the Clerk's prepared analysis of balance by \$4,571.87 for the Customer Account.

Recommendation

It is recommended that controls over balances be strengthened to ensure that the carrying amount of the cash per the bank reconciliation is in agreement with the Clerk's prepared analysis of balance for the Customer Account.

Management's Response

The Office of the County Clerk is aware of the situation and will strengthen the controls to ensure that the carrying amount of the cash in the reconciled bank account is in agreement with the Clerk's prepared analysis of balance for the Customer Account.

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR –
STATE SEIZED AND FORFEITED ASSETS FUND
REPORT OF AUDIT
YEAR ENDED DECMEBER 31, 2010

COUNTY OF WARREN

OFFICE OF THE COUNTY PROSECUTOR
SEIZED AND FORFEITED ASSETS FUND

REPORT OF AUDIT

2010

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2010
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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, 2010, 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, 2010, 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, 2010 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 May 20, 2011 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
May 20, 2011



NISIVOCIA 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, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Seized Funds Held in Evidence Account	Confidential Account	Firearms Training System Account	Municipal Law Enforcement Trust Account	December 31,	
								2010	2009
<u>Assets</u>									
Cash and Cash Equivalents	\$ 46,394	\$ 363,244	\$ 12,867	\$ 30,880	\$ 4,441	\$ 374	\$ 26,663	\$ 484,864	\$ 546,153
Vehicles and Property	36,275							36,275	34,195
Total Assets	<u>\$ 82,669</u>	<u>\$ 363,244</u>	<u>\$ 12,867</u>	<u>\$ 30,880</u>	<u>\$ 4,441</u>	<u>\$ 374</u>	<u>\$ 26,663</u>	<u>\$ 521,139</u>	<u>\$ 580,348</u>
<u>Liabilities and Fund Balance</u>									
Reserve for Assets in Custodianship of the Prosecutor	\$ 36,275							\$ 36,275	\$ 34,195
Reserve for Confidential Funds					\$ 4,441			4,441	5,691
Reserve for Seized Funds				\$ 30,880				30,880	20,103
Fund Balance	46,394	\$ 363,244	\$ 12,867			\$ 374	\$ 26,663	449,543	520,359
Total Liabilities and Fund Balance	<u>\$ 82,669</u>	<u>\$ 363,244</u>	<u>\$ 12,867</u>	<u>\$ 30,880</u>	<u>\$ 4,441</u>	<u>\$ 374</u>	<u>\$ 26,663</u>	<u>\$ 521,139</u>	<u>\$ 580,348</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, 2010
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009)

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Firearms Training System Account	Federal Equitable Sharing Account	Municipal Law Enforcement Trust Account	Petty Cash	December 31,	
								2010	2009
Revenue									
Seized Funds	\$ 45,418							\$ 45,418	\$ 38,578
Proceeds from Auction	675							675	1,143
Interest On Investments	106	\$ 941	\$ 13		\$ 8	\$ 76		1,144	3,851
Transfer from Seized Asset Trust Account		6,624	10,529			334		17,487	34,873
Transfer from Seized Funds Held in Evidence		560						560	
Transfer from Washington Borough									1,141
Transfer from Oxford Township						5,084		5,084	
Check Returned/ Voided		224	20					244	9,941
Funds Received to be Held as Evidence									2,249
Change Order					122			122	
Petty Cash Reimbursements			210				\$ 42,564	42,774	47,192
Total Revenue	46,199	8,349	10,772		130	5,494	42,564	113,508	138,967
Expenditures and Other Charges									
Refunds of Seized Funds	21,740							21,740	305
Municipal and Other Law Enforcement Agency Distribution									225
Asset Maintenance and Forfeiture Costs			2,316					2,316	1,556
Law Enforcement Expenditures		85,719				10,535		96,254	105,679
Due Law Enforcement Trust Account	6,624							6,624	22,765
Transfer to Asset Maintenance Account	334							334	
Due Municipal Law Enforcement Trust Account	10,529							10,529	12,108
Cash Paid for Operating Expenditures					3,963			3,963	
Petty Cash Expenditures							42,564	42,564	46,572
Total Expenditures and Other Changes	39,227	85,719	2,316		3,963	10,535	42,564	184,324	189,209
Excess/(Deficit) of Revenue Over Expenditures and Other Changes	6,972	(77,370)	8,456		(3,833)	(5,041)		(70,816)	(50,242)
Fund Balance January 1	39,422	440,614	4,411	\$ 374	3,833	31,704		520,359	570,601
Fund Balance December 31	\$ 46,394	\$ 363,244	\$ 12,867	\$ 374	\$	\$ 26,663	\$	\$ 449,543	\$ 520,359

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, 2010

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Seized Funds Held in Evidence Account	Confidential Account	Firearms Training System Account	Federal Equitable Sharing Account	Municipal Law Enforcement Trust Account	Petty Cash	Total
<u>Cash Flows From Operating Activities</u>										
Seized Funds	\$ 45,418			\$ 11,337						\$ 56,755
Proceeds from Auction	675									675
Interest On Investments	106	\$ 941	\$ 13				\$ 8	\$ 76		1,144
Received from County Treasurer					\$ 10,000					10,000
Distribution from Seized Asset Trust Account		6,624	10,529					334		17,487
Due from Seized Funds Held in Evidence		560								560
Check Returned/ Voided		224	20							244
Reimbursement for Towing Services			210							210
Transfer from Oxford Township								5,084		5,084
Change Order							122			122
Petty Cash Reimbursements									\$ 42,564	42,564
Cash Provided from Operating Activities	46,199	8,349	10,772	11,337	10,000		130	5,494	42,564	134,845
Cash Paid for Refunds of Seized Funds	21,740									21,740
Cash Paid for Asset Maintenance and Forefeiture Costs			2,316							2,316
Cash Paid for Law Enforcement Expenditures		85,719						10,535		96,254
Cash Paid for Confidential Fund Expenditures					11,250					11,250
Cash Paid to County Law Enforcement Trust Account	6,624			560						7,184
Cash Paid to Municipal Law Enforcement Trust	10,529									10,529
Cash Paid to Asset Maintenance Account	334									334
Cash Paid for Operating Expenditures							3,963			3,963.00
Cash Paid for Petty Cash Expenditures									42,564	42,564.00
Cash Paid from Operating Activities	39,227	85,719	2,316	560	11,250		3,963	10,535	42,564	196,134
Net Increase/(Decrease) in Cash	6,972	(77,370)	8,456	10,777	(1,250)		(3,833)	(5,041)		(61,289)
Cash Balance January 1, 2010	39,422	440,614	4,411	20,103	5,691	\$ 374	3,833	31,704		546,153
Cash Balance December 31, 2010	\$ 46,394	\$ 363,244	\$ 12,867	\$ 30,880	\$ 4,441	\$ 374	\$	\$ 26,663		\$ 484,864

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, 2010

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, 2010
(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 Account (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 Account – 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 Account (MEA) – 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.

Confidential Account – accounts for funds used to purchase items directly related to ongoing investigations.

Seized Funds Held in Evidence Account – accounts for funds seized during criminal investigations.

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, 2009, 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.

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
 (Continued)

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

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 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;

COUNTY OF WARREN
OFFICE OF THE COUNTY PROSECUTOR -
STATE SEIZED AND FORFEITED ASSETS FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010
 (Continued)

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

Investments (Cont'd):

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2010, 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, 2010 was \$484,864 and the bank balance was \$454,600.

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, 2010, the following seized and forfeited assets were held:

File #	Year	Description		Serial #	Value	Location
		Make	Model			
10-597	2004	Freightliner	Tractor Trailer	1FUJBBCG14LM40941	\$ 35,000	Warren Co. Impound
NA10-040	1999	Dodge	Intrepid	2B3HD56J3XH609997	1,275	Warren Co. Impound
					<u>\$ 36,275</u>	

SUPPLEMENTAL SCHEDULES

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
SCHEDULE OF DISTRIBUTION TO LAW ENFORCEMENT AGENCIES
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Law Enforcement Agencies</u>	<u>Distribution</u>
Municipal Law Enforcement Trust Account:	
Greenwich Township	\$ 5,451
Oxford Township	<u>5,084</u>
Total Law Enforcement Distribution	<u>\$ 10,535</u>

COUNTY OF WARREN
OFFICE OF THE PROSECUTOR
SCHEDULE OF LAW ENFORCEMENT TRUST FUND &
ASSET MAINTENANCE ACCOUNT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010

Description	Asset Maintenance Account	Law Enforcement Trust Account
Audit Expense		\$ 5,550
Conference / Registration Fees		14,148
Vehicle Purchase		49,416
Furniture and Equipment for Various Prosecutor Buildings		6,969
Motor Vehicle Title & Towing Fees	\$ 2,316	
New Jersey Lawyer's Fund		2,623
Youth Program Supplies and Incentives		5,134
Uniform Expense		1,880
	<u>\$ 2,316</u>	<u>\$ 85,719</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, 2010 and have issued our report thereon dated May 20, 2011, 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*.

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
May 20, 2011


NISIVOCIA 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, 2010



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May 20, 2011

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, 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 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, 2010, and have issued our report thereon dated May 20, 2011.

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 May 20, 2011, 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, if any, during our next audit engagement. We have already discussed these comments and suggestions, if any, 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, if any.

This report is intended for the information of the Warren County Prosecutor's Office's management and the Attorney General's Office, Department of Law and Public Safety, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.

NISIVOCCIA 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

Finding:

During the course of our testing, we found that there were instances in which there was seized currency which was not remitted to the County within 48 hours of collection from police departments within the County. It is recommended that the Prosecutor's office advise all Warren County police departments of the standard operating procedure that states that all funds seized be remitted to the County within 48 hours of receipt.

Management's Response:

The Prosecutor's office will notify and remind the police departments of the County to turn over all seized funds within 48 hours of seizure.

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

It is recommended that:

1. The Prosecutor's office advise the police departments throughout the County of the standard operating procedure that states that all funds seized be turned over to the County within 48 hours of the seizure.

COUNTY OF WARREN
OFFICE OF THE SHERIFF
REPORT OF AUDIT
2010

COUNTY OF WARREN
OFFICE OF THE SHERIFF
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
YEAR ENDED DECEMBER 31, 2010
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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, 2010 and 2009. 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.

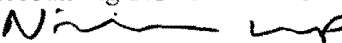
As discussed in Note 1, the balance sheet has been prepared in conformity with the accounting principles prescribed by the Division, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the balance sheet of the 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.

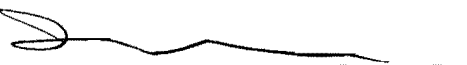
In our opinion, because the Office of the Sheriff prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the Sheriff, as of December 31, 2010 and 2009.

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, 2010 and 2009, 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
May 6, 2011


NISIVOCCIA 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,	
	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Sales Account	\$ 103,714.05	\$ 113,245.79
General Account	4,827.93	6,804.45
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 108,541.98</u>	<u>\$ 120,050.24</u>
<u>LIABILITIES AND RESERVES</u>		
Due to County Treasurer	\$ 1,602.22	\$ 2,387.92
Reserve for Wage Executions	3,788.57	5,342.97
Reserve for Foreclosures	103,151.19	112,319.35
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 108,541.98</u>	<u>\$ 120,050.24</u>

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

COUNTY OF WARREN
OFFICE OF THE SHERIFF
NOTES TO BALANCE SHEET
YEAR ENDED DECEMBER 31, 2010

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 accounts:

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, 2010
(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, 2010
 (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, 2010. As of December 31, 2010, 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, 2010 was \$108,541.98 and the bank balance was \$121,369.81.

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, 2009	\$ 120,050.24	\$ 2,387.92	\$ 5,342.97	\$ 112,319.35
Increased by:				
Fees and Deposits	<u>2,414,319.36</u>	<u>154,097.72</u>	<u>148,640.50</u>	<u>2,111,581.14</u>
	<u>2,534,369.60</u>	<u>156,485.64</u>	<u>153,983.47</u>	<u>2,223,900.49</u>
Decreased by:				
Cash Disbursements	<u>2,425,827.62</u>	<u>154,883.42</u>	<u>150,194.90</u>	<u>2,120,749.30</u>
Balance December 31, 2010	<u><u>\$ 108,541.98</u></u>	<u><u>\$ 1,602.22</u></u>	<u><u>\$ 3,788.57</u></u>	<u><u>\$ 103,151.19</u></u>

COUNTY OF WARREN
OFFICE OF THE SHERIFF
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2010



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May 6, 2011

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, 2010, and have issued our report thereon dated May 6, 2011.

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 May 6, 2011, on the balance sheet of the Office of the Sheriff.


 NISIVOCCIA 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
2010

COUNTY OF WARREN
OFFICE OF THE SURROGATE
INDEPENDENT AUDITORS' REPORT AND
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE
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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, 2010 and 2009. 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.

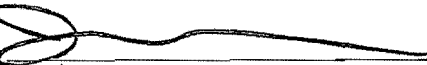
In our opinion, because the Office of the Surrogate prepares its balance sheet on the basis of accounting discussed in the third paragraph, the balance sheet referred to in the first paragraph does not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the Office of the Surrogate, as of December 31, 2010 and 2009.

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, 2010 and 2009, 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
May 6, 2011


NISIVOCIA 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,	
	2010	2009
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Surrogate's Account	\$ 7,128.75	\$ 9,469.50
Client's Account	1,301.68	1,796.68
Guardianship Trust Fund	6,875,541.90	6,892,982.29
Petty Cash	50.00	50.00
	<hr/>	<hr/>
TOTAL ASSETS	\$ 6,884,022.33	\$ 6,904,298.47
	<hr/>	<hr/>
 <u>LIABILITIES AND RESERVES</u>		
Due to Warren County Treasurer	\$ 7,178.75	\$ 9,519.50
Reserve for Attorneys Deposits	1,301.68	1,796.68
Reserve for Guardianship Trust Funds	6,875,541.90	6,892,982.29
	<hr/>	<hr/>
TOTAL LIABILITIES AND RESERVES	\$ 6,884,022.33	\$ 6,904,298.47
	<hr/>	<hr/>

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, 2010

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 similar items. 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, 2010
(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 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, 2010
 (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, 2010, 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, 2010 was \$6,884,022.33, which consisted of \$5,447,194.00 in savings accounts, \$8,430.43 in checking accounts and \$1,432,325.40 in certificates of deposit. The total of the corresponding bank balances was \$6,896,494.26.

SUPPLEMENTAL SCHEDULE

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

	Balance at December 31, 2009	Receipts	Disbursements	Balance at December 31, 2010
Due to Warren County Treasurer	\$ 9,519.50	\$ 121,092.15	\$ 123,432.90	\$ 7,178.75
Reserve for Attorneys Deposits	1,796.68	20.00	515.00	1,301.68
Reserve for Guardianship Trust Funds	6,892,982.29	920,488.56	937,928.95	6,875,541.90
	<u>\$ 6,904,298.47</u>	<u>\$ 1,041,600.71</u>	<u>\$ 1,061,876.85</u>	<u>\$ 6,884,022.33</u>

COUNTY OF WARREN
OFFICE OF THE SURROGATE
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2010



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Newton, NJ 07860
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May 6, 2011


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, 2010, and have issued our report thereon dated May 6, 2011.

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 May 6, 2011, on the balance sheet of the Office of the Surrogate.



NISIVOCCIA LLP



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

COUNTY OF WARREN
OFFICE OF THE SURROGATE
COMMENTS AND RECOMMENDATIONS

None
