

COUNTY OF WARREN  
OFFICE OF THE CLERK  
REPORT OF AUDIT  
2011

COUNTY OF WARREN  
OFFICE OF THE COUNTY CLERK  
INDEPENDENT AUDITORS' REPORT AND  
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE  
YEARS ENDED DECEMBER 31, 2011 AND 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-regulatory basis of the Office of the County Clerk, a component unit of the County of Warren, as of December 31, 2011 and 2010, 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, 2011 and 2010.

However, in our opinion, the balance sheet-regulatory basis referred to above presents fairly, in all material respects, the financial position of the Office of the County Clerk as of December 31, 2011 and 2010, in conformity with accounting principles prescribed by the Division, as described in Note 1.

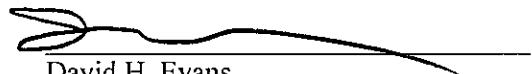
Our audits were conducted for the purpose of forming opinions on the balance sheet taken as a whole. The supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This information has been subjected 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.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the office of the County Clerk's financial statements taken as a whole. The supplementary data schedule listed in the table of contents is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Mount Arlington, New Jersey  
May 25, 2012

  
NISIVOCCIA 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,	
	2011	2010
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 253,463.21	\$ 301,211.75
Change Fund	130.00	200.00
Due from Passport Agencies	70.00	70.00
<b>TOTAL ASSETS</b>	<u><u>\$ 253,663.21</u></u>	<u><u>\$ 301,481.75</u></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	29,747.34	38,915.07
Due to Warren County Treasurer	84,983.57	93,884.73
Due to Warren County Treasurer, Public Health Priority Funds	10,065.25	14,258.00
Due to Secretary of State	309.00	219.00
Due to State of New Jersey, Division of Taxation	91,926.05	110,682.95
Due to State of New Jersey, Preservation Fund	36,185.00	43,075.00
<b>TOTAL LIABILITIES AND RESERVES</b>	<u><u>\$ 253,663.21</u></u>	<u><u>\$ 301,481.75</u></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, 2011

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, 2011  
 (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, 2011  
(Continued)

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

Investments (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, 2011. As of December 31, 2011, the carrying amount of the cash and cash equivalents of the Office of the County Clerk was \$253,593.21 and the bank balance was \$240,608.01.

SUPPLEMENTAL SCHEDULE

COUNTY OF WARREN  
OFFICE OF THE CLERK  
SCHEDULE OF CASH

	Balance at December 31, 2010	Receipts	Disbursements	Balance at December 31, 2011
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	\$ 96,857.47	\$ 106,025.20	29,747.34
Due to Warren County Treasurer	93,884.73	863,030.20	871,931.36	84,983.57
Due to Warren County Treasurer - Public Health Priority Funds	14,258.00	121,797.75	125,990.50	10,065.25
Due to Secretary of State	219.00	3,391.50	3,301.50	309.00
Due from Passport Agencies	(70.00)			(70.00)
Due to State of New Jersey, Division of Taxation	110,682.95	1,125,440.85	1,144,197.75	91,926.05
Due to State of New Jersey, Preservation Fund	43,075.00	372,835.00	379,725.00	36,185.00
	<u>\$ 301,411.75</u>	<u>\$ 2,583,352.77</u>	<u>\$ 2,631,171.31</u>	<u>\$ 253,593.21</u>

COUNTY OF WARREN  
OFFICE OF THE COUNTY CLERK  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED DECEMBER 31, 2011



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May 25, 2012

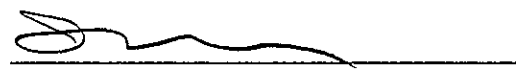
The Honorable Director and Members  
of the Board of Chosen Freeholders  
County of Warren  
Belvidere, New Jersey

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, 2011, and have issued our report thereon dated May 25, 2012.

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 25, 2012, 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.

  
NISIVOCCIA 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 \$13,310.90 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.

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COUNTY OF WARREN  
OFFICE OF THE COUNTY PROSECUTOR –  
STATE SEIZED AND FORFEITED ASSETS FUND  
REPORT OF AUDIT  
YEAR ENDED DECMEBER 31, 2011

*COUNTY OF WARREN*

*OFFICE OF THE COUNTY PROSECUTOR*  
*SEIZED AND FORFEITED ASSETS FUND*

*REPORT OF AUDIT*

2011

*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, 2011  
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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 – regulatory basis 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, 2011, 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, 2011, and the results of its operations and its cash flows for the year then ended.

However, in our opinion, the component unit financial statements – regulatory basis 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, 2011 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.

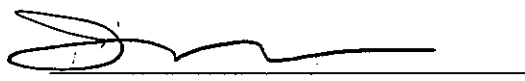
Office of the County Prosecutor  
County of Warren  
Belvidere, New Jersey

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012 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 audits.

Our audit was conducted for the purpose of forming opinions on the component unit financial statements that collectively comprise the Prosecutor's financial statements as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1 to the financial statements.

Mount Arlington, New Jersey  
May 25, 2012

  
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, 2011  
(WITH COMPARATIVE TOTALS FOR 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	Municipal Law Enforcement Trust Account	Petty Cash	December 31,	
									2011	2010
<u>Assets</u>										
Cash and Cash Equivalents	\$ 43,501	\$ 335,837	\$ 11,043	\$ 27,497	\$ 441	\$ 374	\$ 23,606	\$ (35)	\$ 442,265	\$ 484,864
Vehicles and Property	61,770								61,770	36,275
Total Assets	<u>\$ 105,271</u>	<u>\$ 335,837</u>	<u>\$ 11,043</u>	<u>\$ 27,497</u>	<u>\$ 441</u>	<u>\$ 374</u>	<u>\$ 23,606</u>	<u>\$ (35)</u>	<u>\$ 504,035</u>	<u>\$ 521,139</u>
<u>Liabilities and Fund Balance</u>										
Reserve for Assets in Custodianship of the Prosecutor	\$ 61,770								\$ 61,770	\$ 36,275
Reserve for Confidential Funds					\$ 441				441	4,441
Reserve for Seized Funds				\$ 27,497					27,497	30,880
Fund Balance	43,501	\$ 335,837	\$ 11,043			\$ 374	\$ 23,606	\$ (35)	414,327	449,543
Total Liabilities and Fund Balance	<u>\$ 105,271</u>	<u>\$ 335,837</u>	<u>\$ 11,043</u>	<u>\$ 27,497</u>	<u>\$ 441</u>	<u>\$ 374</u>	<u>\$ 23,606</u>	<u>\$ (35)</u>	<u>\$ 504,035</u>	<u>\$ 521,139</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, 2011  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Seized Asset Trust Account	Law Enforcement Trust Account	Asset Maintenance Account	Firearms Training System Account	Municipal Law Enforcement Trust Account	Petty Cash	December 31,	
							2011	2010
<u>Revenue</u>								
Seized Funds	\$ 24,053						\$ 24,053	\$ 45,418
Proceeds from Auction	1,836						1,836	675
Interest On Investments	60	\$ 448	\$ 16		\$ 32		556	1,144
Transfer from Seized Asset Trust Account		3,628			1,163		4,791	17,487
Transfer from Seized Funds Held in Evidence		6,139					6,139	560
Transfer from Oxford Township								5,084
Check Returned/ Voided	235						235	244
Change Order								122
Petty Cash Reimbursements						\$ 48,059	48,059	42,774
Total Revenue	26,184	10,215	16		1,195	48,059	85,669	113,508
<u>Expenditures and Other Charges</u>								
Refunds of Seized Funds	24,037						24,037	21,740
Municipal and Other Law Enforcement Agency Distribution	249						249	
Asset Maintenance and Forfeiture Costs			1,840				1,840	2,316
Law Enforcement Expenditures		37,622			4,252		41,874	96,254
Due Law Enforcement Trust Account	3,628						3,628	6,624
Transfer to Asset Maintenance Account								334
Due Municipal Law Enforcement Trust Account	1,163						1,163	10,529
Cash Paid for Operating Expenditures								3,963
Petty Cash Expenditures						48,094	48,094	42,564
Total Expenditures and Other Changes	29,077	37,622	1,840		4,252	48,094	120,885	184,324
Excess/(Deficit) of Revenue Over Expenditures and Other Changes	(2,893)	(27,407)	(1,824)		(3,057)	(35)	(35,216)	(70,816)
Fund Balance January 1	46,394	363,244	12,867	\$ 374	26,663		449,543	570,601
Fund Balance December 31	\$ 43,501	\$ 335,837	\$ 11,043	\$ 374	\$ 23,606	\$ (35)	\$ 414,327	\$ 499,785

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, 2011

	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	Petty Cash	Total
<u>Cash Flows From Operating Activities</u>									
Seized Funds	\$ 24,053			\$ 2,756					\$ 26,809
Proceeds from Auction	1,836								1,836
Interest On Investments	60	\$ 448	\$ 16				\$ 32		556
Distribution from Seized Asset Trust Account		3,628					1,163		4,791
Due from Seized Funds Held in Evidence		6,139							6,139
Check Returned/ Voided	235								235
Petty Cash Reimbursements								\$ 48,059	48,059
Cash Provided from Operating Activities	26,184	10,215	16	2,756			1,195	48,059	88,425
 Cash Paid for Refunds of Seized Funds	24,037								24,037
Cash Paid to Other Agencies for Asset Share	249								249
Cash Paid for Asset Maintenance and Forefeiture Costs			1,840						1,840
Cash Paid for Law Enforcement Expenditures		37,622					4,252		41,874
Cash Paid for Confidential Fund Expenditures					\$ 4,000				4,000
Cash Paid to County Law Enforcement Trust Account	3,628			6,139					9,767
Cash Paid to Municipal Law Enforcement Trust	1,163								1,163
Cash Paid for Petty Cash Expenditures								48,094	48,094
Cash Paid from Operating Activities	29,077	37,622	1,840	6,139	4,000		4,252	48,094	131,024
 Net Increase/(Decrease) in Cash	(2,893)	(27,407)	(1,824)	(3,383)	(4,000)		(3,057)	(35)	(42,599)
 Cash Balance January 1, 2011	46,394	363,244	12,867	30,880	4,441	\$ 374	26,663		484,864
Cash Balance December 31, 2011	\$ 43,501	\$ 335,837	\$ 11,043	\$ 27,497	\$ 441	\$ 374	\$ 23,606	\$ (35)	\$ 442,265

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, 2011

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, 2011  
(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.

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, 2011  
 (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, 2011  
 (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, 2011, 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, 2011 was \$442,265 and the bank balance was \$415,860. As of December 31, 2011, the petty cash reconciliation was at a negative \$35, due to a service analysis fee that was paid and not reimbursed to the petty cash account until January 2012.

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, 2011, 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
NA11-043	1997	Chevrolet	Cavalier	1G1JF52T4V7223690	1,495	Warren Co. Impound
NA11-066	1990	Honda	Civic	JHMED 836XLS0232 84	1,500	Warren Co. Impound
NA11-026	1996	Ford	Taurus	1FALP52U6TA1979 62	1,685	Warren Co. Impound
NA11-030	2003	Chrysler	Town & Country	2C4GP24363R254798	5,015	Warren Co. Impound
F-11-06	1997	Ford	F-350 Mason Dump	3FEKF38F1VMA06306	6,500	Warren Co. Impound
IN11-014	2007	Toyota	Matrix	2T1KR32E07C635101	9,300	Warren Co. Impound
					<u>\$ 61,770</u>	

## SUPPLEMENTAL SCHEDULES

COUNTY OF WARREN  
OFFICE OF THE PROSECUTOR  
SCHEDULE OF DISTRIBUTION TO LAW ENFORCEMENT AGENCIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Law Enforcement Agencies</u>	<u>Distribution</u>
Municipal Law Enforcement Trust Account:	
Township of Phillipsburg	\$ <u>4,252</u>
Total Law Enforcement Distribution	\$ <u><u>4,252</u></u>

COUNTY OF WARREN  
OFFICE OF THE PROSECUTOR  
SCHEDULE OF LAW ENFORCEMENT TRUST FUND &  
ASSET MAINTENANCE ACCOUNT EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2011

Description	Asset Maintenance Account	Law Enforcement Trust Account
Audio and Video Security System and Related Equipment		\$ 7,325
Audit Expense		5,500
Conference / Registration Fees		13,534
Furniture and Equipment for Various Prosecutor Buildings		3,219
Motor Vehicle Title & Towing Fees	\$ 1,840	
New Jersey Lawyer's Fund		2,040
Vehicle Maintenance Services		4,400
Youth Program Supplies and Incentives		1,603
	<u>\$ 1,840</u>	<u>\$ 37,621</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, 2011 and have issued our report thereon dated May 25, 2012, 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

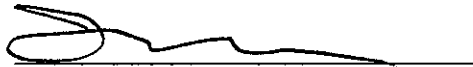
Compliance and Other Matters

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 a certain matter that we reported to management in the Auditors' Management Report on 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  
May 25, 2012

  
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, 2011



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May 25, 2012

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

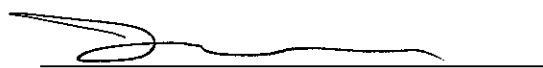
We have audited, in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed for seized and/or forfeited property issued by the Attorney General's Office, Department of Law and Public Safety, State of New Jersey and *Government Auditing 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, 2011, and have issued our report thereon dated May 25, 2012 .

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 25, 2012, 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 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.

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.

  
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  
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  
2011

COUNTY OF WARREN  
OFFICE OF THE SHERIFF  
INDEPENDENT AUDITORS' REPORT AND  
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE  
YEAR ENDED DECEMBER 31, 2011  
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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-regulatory basis of the Office of the Sheriff, a component unit of the County of Warren, as of December 31, 2011 and 2010. 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, 2011 and 2010.

However, in our opinion, the balance sheet-regulatory basis referred to above presents fairly, in all material respects, the financial position of the Office of the Sheriff as of December 31, 2011 and 2010, in conformity with accounting principles prescribed by the Division, as described in Note 1.


Our audits were conducted 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.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the office of the County Sheriff's financial statements taken as a whole. The supplementary data schedules listed in the table of contents is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Mount Arlington, New Jersey  
May 25, 2012

  
NISIVOCIA 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,	
	2011	2010
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Sales Account	\$ 71,827.78	\$ 103,714.05
General Account	3,110.76	4,827.93
TOTAL ASSETS	<u>\$ 74,938.54</u>	<u>\$ 108,541.98</u>
 <u>LIABILITIES AND RESERVES</u>		
Due to County Treasurer	\$ 1,409.41	\$ 1,602.22
Reserve for Wage Executions	2,502.98	3,788.57
Reserve for Foreclosures	71,026.15	103,151.19
TOTAL LIABILITIES AND RESERVES	<u>\$ 74,938.54</u>	<u>\$ 108,541.98</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, 2011

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, 2011  
(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, 2011  
 (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, 2011. As of December 31, 2011, 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, 2011 was \$74,938.54 and the bank balance was \$84,906.84.

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, 2010	\$ 108,541.98	\$ 1,602.22	\$ 3,788.57	\$ 103,151.19
Increased by:				
Fees and Deposits	<u>12,055,488.00</u>	<u>239,090.41</u>	<u>151,538.78</u>	<u>11,664,858.81</u>
	<u>12,164,029.98</u>	<u>240,692.63</u>	<u>155,327.35</u>	<u>11,768,010.00</u>
Decreased by:				
Cash Disbursements	<u>12,089,091.44</u>	<u>239,283.22</u>	<u>152,824.37</u>	<u>11,696,983.85</u>
Balance December 31, 2011	<u><u>\$ 74,938.54</u></u>	<u><u>\$ 1,409.41</u></u>	<u><u>\$ 2,502.98</u></u>	<u><u>\$ 71,026.15</u></u>

COUNTY OF WARREN  
OFFICE OF THE SHERIFF  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED DECEMBER 31, 2011





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May 25, 2012

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, 2011, and have issued our report thereon dated May 25, 2012.

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 25, 2012, on the balance sheet of the Office of the Sheriff.

  
NISIVOC CIA LLP

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

COUNTY OF WARREN  
OFFICE OF THE SHERIFF  
COMMENTS AND RECOMMENDATIONS

NONE

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COUNTY OF WARREN  
OFFICE OF THE SURROGATE  
REPORT OF AUDIT  
2011

COUNTY OF WARREN  
OFFICE OF THE SURROGATE  
INDEPENDENT AUDITORS' REPORT AND  
BALANCE SHEET AND SUPPLEMENTAL SCHEDULE  
YEAR ENDED DECEMBER 31, 2011  
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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-regulatory basis of the Office of the Surrogate, a component unit of the County of Warren, as of December 31, 2011 and 2010. 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 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 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, 2011 and 2010.

However, in our opinion, the balance sheet-regulatory basis referred to above presents fairly, in all material respects, the financial position of the Office of the Surrogate as of December 31, 2011 and 2010, in conformity with accounting principles prescribed by the Division, as described in Note 1.

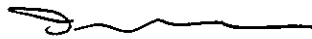
Our audits were conducted for the purpose of forming opinions on the balance sheet taken as a whole. The supplemental schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This information has been subjected 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.

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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the office of the County Surrogate's financial statements taken as a whole. The supplementary data schedule listed in the table of contents is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Mount Arlington, New Jersey  
May 25, 2012

  
NISIVOCCIA LLP



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

## FINANCIAL STATEMENT

COUNTY OF WARREN  
OFFICE OF THE SURROGATE  
COMPARATIVE BALANCE SHEET

	December 31,	
	2011	2010
<u>ASSETS</u>		
Cash and Cash Equivalents:		
Surrogate's Account	\$ 8,714.00	\$ 7,128.75
Client's Account	1,789.18	1,301.68
Guardianship Trust Fund	5,874,978.87	6,875,541.90
Petty Cash	50.00	50.00
TOTAL ASSETS	<u>\$ 5,885,532.05</u>	<u>\$ 6,884,022.33</u>
 <u>LIABILITIES AND RESERVES</u>		
Due to Warren County Treasurer	\$ 8,764.00	\$ 7,178.75
Reserve for Attorneys Deposits	1,789.18	1,301.68
Reserve for Guardianship Trust Funds	5,874,978.87	6,875,541.90
TOTAL LIABILITIES AND RESERVES	<u>\$ 5,885,532.05</u>	<u>\$ 6,884,022.33</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, 2011

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, 2011  
(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, 2011  
(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, 2011, cash of the Office of the Surrogate consisted of savings, checking, and certificates of deposit. 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, 2011 was \$5,885,532.05, which consisted of \$4,629,004.96 in savings accounts, \$10,503.18 in checking accounts, \$50.00 petty cash and \$1,245,973.91 in certificates of deposit. The total of the corresponding bank balances was \$5,954,400.46.

SUPPLEMENTAL SCHEDULE

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

	Balance at December 31, 2010	Receipts	Disbursements	Balance at December 31, 2011
Due to Warren County Treasurer	\$ 7,178.75	\$ 134,678.41	\$ 133,093.16	\$ 8,764.00
Reserve for Attorneys Deposits	1,301.68	1,300.00	812.50	1,789.18
Reserve for Guardianship Trust Funds	6,875,541.90	1,468,374.39	2,468,937.42	5,874,978.87
	<u>\$ 6,884,022.33</u>	<u>\$ 1,604,352.80</u>	<u>\$ 2,602,843.08</u>	<u>\$ 5,885,532.05</u>

COUNTY OF WARREN  
OFFICE OF THE SURROGATE  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED DECEMBER 31, 2011



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May 25, 2012

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, 2011, and have issued our report thereon dated May 25, 2012.

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 25, 2012, 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

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