

*Report of Audit*  
*on the*  
*Financial Statements*  
*of the*  
*Office of the Sheriff*  
*in the*  
*County of Union*  
*New Jersey*  
*for the*  
*Year Ended*  
*December 31, 2007*



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

OFFICE OF THE SHERIFF

COUNTY OF UNION

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# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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## INDEPENDENT AUDITOR'S REPORT

Mr. Ralph Froehlich, Sheriff and  
Honorable Chairman and Members  
of the Board of Chosen Freeholders  
Union County Administration Building  
Elizabethtown Plaza  
County of Union  
Elizabeth, New Jersey 07207

We have audited the accompanying financial statements-statutory basis of the Office of the Sheriff, County of Union, as of and for the years ended December 31, 2007 and 2006 as listed as financial statements-statutory basis in the foregoing table of contents. These financial statements- statutory basis are the responsibility of the management of the Office of the Sheriff, County of Union. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, U.S. Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 opinion.

As discussed in Note 1, the Office of the Sheriff, County of Union, prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis with certain exceptions, and laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The accompanying financial statements of the Office of the Sheriff, County of Union, were prepared for the purpose of complying with the Requirements of Audit for various statutory offices in county government as promulgated by the Local Finance Board and are not intended to be a complete presentation of the County of Union's financial position or results of operation with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

# SUPLEE, CLOONEY & COMPANY

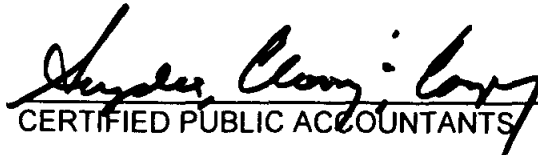
In our opinion, because the Office of the Sheriff, County of Union, prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Office of the Sheriff, County of Union, as of December 31, 2007 and 2006.

However, In our opinion, the financial statements-statutory basis referred to above present fairly, in all material respects, the financial position-statutory basis of the Office of the Sheriff, County of Union, as of December 31, 2007 and 2006 and their cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with U.S. Government Auditing Standards, we have also issued our report dated July 16, 2008 on our consideration of the Office of the Sheriff, County of Union's internal control over financial reporting and our tests of its compliance with certain provisions of laws and 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 U.S. Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Union County Sheriff's Office, County of Union, New Jersey and the Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 16, 2008



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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

Mr. Ralph Froehlich, Sheriff and  
Honorable Chairman and Members  
of the Board of Chosen Freeholders  
Union County Administration Building  
Elizabethtown Plaza  
County of Union  
Elizabeth, New Jersey 07207

We have audited the accompanying financial statements - statutory basis of the Office of the Sheriff, County of Union, New Jersey as of and for the year ended December 31, 2007, and have issued our report thereon dated July 16, 2008. Our report disclosed that, as described in Note 1 to the financial statements, the Office of the Sheriff, County of Union prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

# SUPLEE, CLOONEY & COMPANY

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the statutory basis of accounting prescribed by the Division of Local Government Services, Department of Local Government Services, Department of Community Affairs, State of New Jersey such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of the Sheriff, County of Union's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 of the Office of the Sheriff, County of Union, New Jersey, the Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

July 16, 2008

COUNTY OF UNIONOFFICE OF THE SHERIFFBALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER <u>31, 2007</u>	BALANCE DECEMBER <u>31, 2006</u>
<u>ASSETS</u>		
Cash	\$ <u>1,218,946.23</u>	\$ <u>1,531,100.54</u>
<u>LIABILITIES AND RESERVES</u>		
Reserve for :		
Foreclosures	\$ 1,011,999.49	\$ 1,232,519.18
General Writs	181,415.86	197,002.17
Garnishments	-7,983.63	58,046.46
Summons/Complaints	<u>33,514.51</u>	<u>43,532.73</u>
	\$ <u>1,218,946.23</u>	\$ <u>1,531,100.54</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

COUNTY OF UNION  
OFFICE OF THE SHERIFF

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Balance, December 31, 2006		\$	1,531,100.54
Increased by Receipts:			
Summons and Complaints	\$	137,168.73	
Foreclosures		14,957,297.72	
General Writs		1,154,910.88	
Garnishments		1,196,539.97	
Fees		4,139.10	
Miscellaneous		7,164.57	
Miscellaneous Rev ID		1,022.88	
Slap Program		231,817.01	
Interest		117,092.81	
			<u>17,807,153.67</u>
		\$	19,338,254.21
Decreased by Disbursements:			
Due County of Union	\$	1,855,262.26	
Payments to Other Entities		16,264,045.72	
			<u>18,119,307.98</u>
Balance, December 31, 2007		\$	<u><u>1,218,946.23</u></u>



COUNTY OF UNION

OFFICE OF THE SHERIFF

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

BANK RECONCILIATION - DECEMBER 31, 2007

Balance Per Statement:

Union Center Bank

Account #:

369438 - Checking

\$ 2,270,947.11

Less:

Outstanding Checks (Per List on File)

(1,052,000.88)

Bank Error

BOOK BALANCE

\$ 1,218,946.23

The accompanying Notes to the Financial Statements are an integral part of this statement.

COUNTY OF UNION, NEW JERSEY

OFFICE OF THE SHERIFF

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2007 AND 2006

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Office of the Sheriff, County of Union, New Jersey is a constitutional office required by state law. The office operates independently of the County of Union, New Jersey. Funds to operate the office are controlled and provided by the Board of Chosen Freeholders.

**B. Nature of Activities**

The Office of the Sheriff provides security in the County courthouse, transportation of inmates and other law enforcement functions. A large responsibility of the Office of the Sheriff is to administer and execute writs which emanate from the Superior Court. These orders include wage garnishments, general writs of execution and foreclosures on real property. The Office is also responsible for service of summons and complaints, writs of possession and warrants for arrest from the Superior Court. The Office of the Sheriff collects fees and costs for these services. All fees collected are forwarded to the County Treasurer.

**C. Basis of Accounting**

The Financial Statements of the Office of the Sheriff have been prepared on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. 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. Revenues are recognized when received, rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred.

**D. Basis of Presentation**

Financial statements presentation follows the requirements of audit promulgated by the Local Finance Board for various statutory offices in county government.

NOTE 2: CASH AND CASH EQUIVALENTS

The Office of the Sheriff considers cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation.

The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Office of the Sheriff has the following cash and cash equivalents at December 31, 2007:

Cash in Bank	<u>\$1,218,946.23</u>
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NOTE 3: FIDUCIARY RESERVE

The fiduciary reserves are used to account for assets held by the Office of the Sheriff in a trustee capacity or as an agent for individuals, other governments and private organizations. The fiduciary reserves of the Office of the Sheriff include the following:

Foreclosures - Amounts collected from the sale of real or personal property to satisfy court ordered judgments.

General Writs - Proceeds from the levy of bank accounts or sale of assets to satisfy court ordered judgments.

Garnishments - Amounts received from the levy of money or salary withheld from the defendant by a third party to satisfy court ordered judgments.

Summons/Complaints - Receipts from mileage fees for the processing and service of legal papers.

NOTE 3: FIDUCIARY RESERVE (CONTINUED)

Analysis of the Various Reserves at December 31, 2007:

Reserve for:	
Foreclosures	\$ 1,011,999.49
General Writs	181,415.86
Garnishments	(7,983.63)
Summons/Complaints	<u>33,514.51</u>
	<u>\$1,218,946.23</u>

NOTE 4: COUNTY REVENUE-OFFICE OF THE SHERIFF

Fees collected by the operation of the Office of the Sheriff and amounts realized by the County of Union for the following years:

	<u>2007</u>	<u>2006</u>
Fees	<u>\$1,738,169.45</u>	<u>\$1,878,686.90</u>

SCHEDULE 1

COUNTY OF UNION  
OFFICE OF THE SHERIFF

SCHEDULE OF DUE COUNTY OF UNION

Balance December 31, 2006		\$	-0-
Increased By Receipts:			
Fees	\$ 1,502,213.34		
Interest	117,092.81		
Slap	231,817.01		
Miscellaneous	<u>4,139.10</u>		
			<u>1,855,262.26</u>
		\$	
Decreased By:			
Disbursements			<u>1,855,262.26</u>
Balance December 31, 2007		\$	<u><u>-0-</u></u>