

## GENERAL COMMENTS (CONTINUED)

### Delinquent Taxes and Tax Title Liens (continued)

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

### Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The result of the test, which was made as of December 31, 2010 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

### Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department, Tax Collector Department, the Water Operating Department, Clerk's Office and Construction Code Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, has control of the signature stamps and reconciles bank statements. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived. Therefore, no formal recommendation is deemed necessary at this time.

## OTHER COMMENTS

### Interfunds

Reference to the various balance sheets show interfund balances remaining at year end. Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. As a general rule all interfund balances should be closed out as of the end of the year.

#### Management Response:

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

## OTHER COMMENTS (CONTINUED)

### Finance

1. Tax sale premiums on the general ledger do not agree with subsidiary ledger.

#### Management Response:

Tax sale premiums will be reviewed for possible cancellation.

2. There was insufficient records to support salaries charged to water/sewer.

#### Management Response:

All salaries charged to funds other than current fund will have sufficient documentation to support the charge.

### Registrar

1. 4<sup>th</sup> quarter marriage license quarterly report was not filed on a timely basis in accordance with N.J.S.A. 37:1-12.1 et seq.

#### Management Response:

This was an oversight due to change in approving council.

### Outside Offices

1. Dog license monthly reports were not filed on a timely basis in accordance with Department of Health and Senior Services.

#### Management Response:

Reports were held up for appropriate signatures. Every effort will be made to issue monthly reports on a timely basis.

**RECOMMENDATIONS**

1. That all interfund balances be liquidated by year end.
2. That tax sale premiums should be reviewed for possible cancellation.
3. That all salaries charged to funds other than current fund have sufficient documentation to support the charge.
4. That marriage licenses be filed on a timely basis in accordance with N.J.S.A. 37:1-12.1 et seq.
5. That dog license monthly reports be filed on a timely basis.

**Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year's recommendations and corrective action was taken on all, except the following:

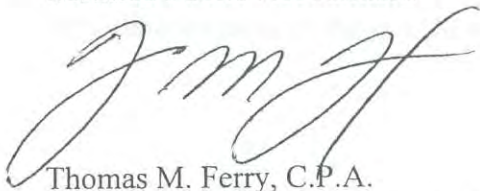
1. That all interfund balances be liquidated by year end.

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The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing the recommendations, please do not hesitate to call us.

Very truly yours,  
Ferraioli, Wielkottz, Cerullo & Cuva, P.A.  
Certified Public Accountants



Thomas M. Ferry, C.P.A.  
Registered Municipal Accountant  
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