

**PART II**  
**ROSTER OF OFFICIALS**  
**COMMENTS AND RECOMMENDATIONS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**ROSTER OF OFFICIALS AS OF DECEMBER 31, 2017  
AND REPORT ON SURETY BONDS**

| <u>Name</u>        | <u>Title</u>                                    | <u>Amount<br/>of<br/>Bond</u> |
|--------------------|---|-------------------------------|
| Stuart Patrick     | Mayor   | \$                            |
| Daniel Murphy      | Council President                               |                               |
| Paul Lisovicz      | Councilman                                      |                               |
| Ann Marie Morrow   | Councilwoman                                    |                               |
| Arthur Dawson      | Councilman                                      |                               |
| Peter Hughes       | Councilman                                      |                               |
| David Lefkovits    | Councilman                                      |                               |
| Michael J. Rohal   | Borough Clerk                                   |                               |
|                    | Engineer  |                               |
|                    | Borough Administrator                           |                               |
|                    | Tax Search Officer                              |                               |
|                    | Officer for Searches for Municipal Improvements |                               |
| Matthew Laracy     | Chief Financial Officer                         | 1,000,000.00                  |
| Tara Ventola       | Deputy Borough Clerk                            |                               |
| Denise Iandolo     | Municipal Court Administrator                   | 50,000.00                     |
| George F. Librizzi | Tax Assessor                                    |                               |
| Mark Clemente      | Judge - Municipal Court                         | 50,000.00                     |
| Donna Altschuler   | Tax Collector                                   | 1,000,000.00                  |
|                    | Water Collector                                 | 1,000,000.00                  |
| Michael Zichelli   | Director of Planning and Development            |                               |
|                    | Deputy Business Administrator                   |                               |
| John Malyska       | Borough Attorney                                |                               |

The Borough is covered through the Municipal Excess Liability Joint Insurance Fund. The coverage is \$1,000,000.00 for covered employees (Tax/Water Collector, Chief Financial Officer and the Court Magistrate, Clerk and Administrator). All other employees are covered in the amount of \$50,000.00.

**Contracts and Agreements Required to be Advertised per (N.J.S.A. 40A:11-4)**

N.J.S.A. 40A:11-4, as amended, states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c) except by contract or agreement."

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The bidding threshold for the period under review was \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law", provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity. This procedure has been implemented by the Borough.

The minutes indicate that bids were requested by public advertising for all required purchases.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A:20-5.

It is also noted that certain contracts were awarded under the provisions of N.J.S.A. 40A:11-12, New Jersey State purchasing contracts.

**Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)**

N.J.S.A. 40A:11-6.1 states "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$6,000.00 at least two quotations as to the cost or price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

**Property Acquired by Tax Title Lien Liquidation**

There are three properties which remain in tax title lien. If these properties are not readily saleable, they should be placed in the exempt category or otherwise disposed of.

**Delinquent Taxes and Tax Title Liens**

Delinquent taxes and tax title liens at December 31, 2017 were \$259,666.52.



## **Revenues**

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. Exceptions noted as follows:

### **2017-001**

Certain Borough departments did not consistently turn over cash receipts to the tax collector on a timely basis resulting in a violation of N.J.A.C. 5:31-3.1, which requires funds to be deposited within 48 hours. It should be noted that once the funds were turned over to the tax collector, they were deposited in the bank timely.

We recommend the Borough should continue to strengthen their internal controls over outside department receipts to better monitor the turnover of funds and ensure adherence to the 48 hour requirement set forth in N.J.A.C. 5:31-3.1.

## **Examination of Claims**

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

## **Purchase Order System and Encumbrance System**

The Borough's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

### **2017-002**

Our review indicated that certain departments had made commitments prior to the certification to the availability of funds. In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods.

We recommend that all requisitions are submitted and the CFO certify the availability of funds prior to any commitment of services or receipt of goods.

## **Capital Fixed Assets**

### **2017-003**

The Borough established a fixed asset accounting system in year 2000. However, the Borough has not maintained or updated its records.

We recommend the Borough update and maintain on a contemporaneous basis their capital fixed asset accounting system.

## **Animal Control Fund**

### **2017-004**

During our examination of the animal control fund, it was discovered that monthly dog license reports, which detail monthly activity and remittances to the State of New Jersey were not submitted timely during the year. In addition, certain monthly submissions of the State reports contained minor differences from the actual dog license activity.

We recommend that the Borough submit accurate dog license reports to the State of New Jersey on a timely basis.

### **Status of Prior Years' Audit Recommendations**

In accordance with regulations promulgated by the Single Audit Act and the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A plan was prepared for items found in the CY 2016 Report on Examination of Accounts.

A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings with the exception of the below.

Following are the prior year recommendations included in this year's audit:

#### Revenue Departments:

Turnovers be made within 48 hours by the outside departments.

#### Encumbrance System:

That all departments adhere to the required policies and procedures to ensure compliance with state requirements.

#### Capital Fixed Assets:

That the Borough update its capital fixed asset accounting system.

### **Miscellaneous**

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

A statutory report summarizing collections of Dog License Fees and remittances of State Registration Fees was prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A separate Trust Fund for State Unemployment Insurance Compensation is detailed in Section "B" herein.

As a separate report on the operations of the Uniform Construction Code Office was also prepared and filed with the New Jersey Division of Local Government Services.

All sums of outstanding checks shown in cash reconciliations, herein, are in agreement with the records of the Treasurer.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

## **RECOMMENDATIONS**

### Revenue Departments:

Turnovers be made within 48 hours by the outside departments.

### Purchase Order System:

That purchase orders be created before the ordering of goods and services.

### Capital Fixed Assets:

That the Borough update its capital fixed asset accounting system.

### Animal Control Fund:

That the Borough submit accurate dog license reports to the State of New Jersey on a timely basis.

**RECOMMENDATIONS**  
(Continued)

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer with the members of the Borough Council on questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of our examination.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 29, 2018

*David J. Gannon*

David J. Gannon, CPA  
Licensed Registered Municipal Accountant, No. 520