

Borough of Metuchen  
County of Middlesex, New Jersey

Comments and Recommendations

December 31, 2007

**Local School Taxes**

During 2007, the Borough overpaid the amount due for local school taxes by a significant amount. This overpayment required the Borough to record a receivable from the Metuchen Board of Education at December 31, 2007 and, accordingly, reduced the Borough's available cash balance.

We suggest that the Borough CFO establish appropriate control procedures in order to prevent future overpayments. ← ?

**Potential Operating Deficit**

The Borough's fund balance at December 31, 2007 totaled \$382,453. In adopting it's the 2008 operating budget the Borough anticipated the use of fund balance in the amount of \$412,000. The difference between the amount budgeted and the available fund balance of \$29,547 represents a potential deficit that should be addressed in a timely manner.

The Borough should take the necessary steps to eliminate the potential operating deficit by cancelling current year appropriations or taking other measure to increase 2008 revenue. The Borough should also develop a plan to address the possibility that a structural deficit will occur in the future. ← ?

**Federal and State Aid Receivables**

The General Capital Fund includes federal, state and county grant receivables that total approximately \$600,000. Some of the individual balances have remained uncollected for more than 6 months. ← ?

We suggest the Borough take the necessary steps to collect all outstanding grant receivables on a timely basis.

**Current Fund**

We noted that the Borough Tax Assessor did not update the detailed listing of the foreclosed property for changes in assessed value during the last several years.

We suggest that the Borough's Tax Assessor update the foreclosed property account each year to reflect the most current assessed value.

## **Municipal Court**

### *Ticket Assigned but not issued*

We noted that the tickets assigned not issued that were over six months was high at 174 as of year end.

We suggest that all unused tickets over six months be returned to the Court administrator for proper disposal per guidelines.

## **General**

### *Bank Reconciliations*

We noted that there were bank accounts that had reconciling items mainly in the form of stale checks over one year.

We suggest that the CFO investigate these reconciling items, and either reissue or cancel the old checks.