

BOROUGH OF FRANKLIN LAKES
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF FRANKLIN LAKES

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BOROUGH OF FRANKLIN LAKES

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Franklin Lakes
Franklin Lakes, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Franklin Lakes, as of December 31, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Franklin Lakes on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Franklin Lakes prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Franklin Lakes as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Franklin Lakes as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

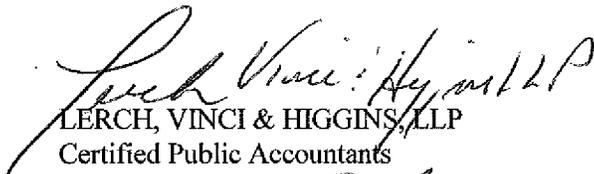
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Franklin Lakes as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Franklin Lakes.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance 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. Such 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 supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2015 on our consideration of the Borough of Franklin Lakes' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Franklin Lakes' internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Dietel P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
June 19, 2015

BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	A-4	\$ 4,937,508	\$ 3,897,918
Change Fund	A-5	700	500
Grants Receivable	A-7	<u>14,781</u>	<u>120,748</u>
		<u>4,952,989</u>	<u>4,019,166</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-9	454,670	579,667
Tax Title Liens	A-10	9,665	8,827
Revenue Accounts Receivable	A-11	9,606	14,489
Due from Animal Control Trust Fund	B-5	12,204	2,510
Due from Other Trust Fund	B-8		112
Due from Assessment Trust Fund	B-15	14,495	10,468
Prepaid Payroll Advance	A-12	<u>190,000</u>	<u>230,000</u>
		<u>690,640</u>	<u>846,073</u>
Deferred Charges			
Special Emergency Authorization (N.J.S. 40A:4-53)	A-13	<u>16,000</u>	<u>36,000</u>
Total Assets		<u>\$ 5,659,629</u>	<u>\$ 4,901,239</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013
(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Appropriation Reserves	A-3, A-14	\$ 469,315	\$ 525,193
Encumbrances Payable	A-15	534,079	508,960
Accounts Payable	A-16	35,252	9,010
Reserve for Grants - Appropriated	A-17	116,815	66,403
Reserve for Grants- Unappropriated	A-18	16,196	37,471
Prepaid Taxes	A-19	634,289	442,876
Tax Overpayments	A-20	18,174	23,925
Due to County for Added & Omitted Taxes	A-21	62,506	41,218
Reserve for Tax Appeals	A-24	21,657	21,657
Fees Payable	A-25	8,060	6,895
Due to State of NJ - Senior Citizens/Veterans Deductions	A-8	3,142	1,548
Reserve for Recreation Online Fees	A-26	<u>4,004</u>	<u>4,466</u>
		1,923,489	1,689,622
Reserve for Receivables and Other Assets	A	690,640	846,073
Fund Balance	A-1	<u>3,045,500</u>	<u>2,365,544</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,659,629</u>	 <u>\$ 4,901,239</u>

BOROUGH OF FRANKLIN LAKES
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 750,000	\$ 750,000
Miscellaneous Revenue Anticipated	A-2	4,372,112	4,312,569
Receipts from Delinquent Taxes	A-2	578,522	686,463
Receipts from Current Taxes	A-2	64,477,503	63,246,864
Non-Budget Revenue	A-2	187,642	350,279
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	A-14	320,714	558,386
Statutory Excess - Animal Control Trust Fund	B-5	12,204	2,510
Interfunds Liquidated	A	13,090	22,528
Liquidation of Prior Year Prepaid Expenditures	A-12	230,000	260,000
Cancellation of Appropriated Grant Reserves	A-17	-	22,800
		<u>70,941,787</u>	<u>70,212,399</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	5,234,900	5,342,375
Other Expenses	A-3	7,542,533	6,944,053
Capital Improvements	A-3	556,900	552,700
Municipal Debt Service	A-3	1,302,477	1,659,397
Deferred Charges and Statutory Expenditures	A-3	1,101,804	1,151,909
County Taxes	A-21	9,949,169	9,961,038
Due County for Added Taxes	A-21	62,506	41,218
Local District School Taxes	A-22	25,201,908	24,911,082
Regional High School Tax	A-23	18,237,500	17,782,675
Interfund Advances Originated	A	26,699	13,090
Refund of Prior Year Revenue	A-4	8,703	4,450
Refund of Prior Year Taxes	A-4	96,732	105,281
Reserve for Prepaid Expenditures	A-12	190,000	230,000
Cancellation of Grant Receivable	A-7		48,801
Disallowed Senior Citizens and Veterans Deductions - Prior Year	A-8	-	92
		<u>69,511,831</u>	<u>68,748,161</u>
Statutory Excess to Fund Balance		<u>1,429,956</u>	<u>1,464,238</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF FRANKLIN LAKES
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Statutory Excess to Fund Balance (Carried Forward)		\$ 1,429,956	\$ 1,464,238
FUND BALANCE, January 1	A	<u>2,365,544</u>	<u>1,651,306</u>
		3,795,500	3,115,544
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>750,000</u>	<u>750,000</u>
FUND BALANCE, December 31	A	<u>\$ 3,045,500</u>	<u>\$ 2,365,544</u>

BOROUGH OF FRANKLIN LAKES
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Reference	Budget	Anticipated Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-1	\$ 750,000	-	\$ 750,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-11	7,750		9,348	\$ 1,598
Other	A-2	20,000		27,220	7,220
Fees and Permits	A-2	88,000		99,314	11,314
Fines and Costs - Municipal Court	A-11	189,000		232,892	43,892
Interest and Costs on Taxes and Assessments	A-11	159,000		173,844	14,844
Interest on Investments and Deposits	A-11	6,500		13,393	6,893
Outside Police Employment	A-11	12,000		15,369	3,369
Community Center Fees	A-11	10,000		6,059	(3,941)
Uniform Construction Code Fees	A-11	480,000		514,836	34,836
Energy Receipts Tax	A-11	1,775,732		1,775,732	
Watershed Moratorium Offset Aid	A-11	5,969		5,969	
Public and Private Programs Offset with Appropriations					
Clean Communities Grant	A-7, A-18		\$ 46,414	46,414	
Municipal Alliance Program	A-7, A-18	9,876	1,120	10,996	
Drive Sober or Get Pulled Over	A-7		4,778	4,778	
Click It or Ticket	A-7		3,762	3,762	
Drunk Driving Enforcement Grant	A-7, A-18		3,201	3,201	
Recycling Tonnage Grant	A-18		14,403	14,403	
Private Donations	A-7, A-18		15,800	15,800	
Thomas W. Murphy, Jr. Fund	A-7		114,000	114,000	
Thomas W. Murphy, Jr - Police Headquarters	A-7		50,000	50,000	
Meyer Memorial Fund - Police Headquarters	A-7		100,000	100,000	
FLK Open Space Preservation	A-7		47,905	47,905	
Other Special Items of Revenue					
Uniform Fire Safety Act	A-11	13,900		16,039	2,139
Cable T.V. Franchise Fee	A-11	165,423		165,423	
Lease of Land for Monopole- Sprint Co	A-11	92,000		82,983	(9,017)
Recreation Program Fees	A-11	182,000		189,009	7,009
Recycling Revenue	A-11	87,000		76,612	(10,388)
Sale of Municipal Assets	A-11	10,000			(10,000)
VFW Parking Permits	A-11	12,000		14,977	2,977
Bravo - Housewives Fee	A-11	25,000		64,800	39,800
Library Reimbursement	A-11	220,000		227,633	7,633
Use of Recreation Fields	A-11	8,800		10,411	1,611
Library Return of Excess Funds	A-11	33,390		33,390	
Reserve for Payment of Debt	A-11	205,600		205,600	
Total Miscellaneous Revenues	A-1	3,818,940	401,383	4,372,112	151,789

BOROUGH OF FRANKLIN LAKES
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Reference</u>	<u>Budget</u>	<u>Anticipated</u> Added by N.J.S.A. 40A:4-87	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1, A-9	\$ 540,000	-	\$ 578,522	\$ 38,522
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes	A-2	9,819,867		10,497,873	678,006
Minimum Library Tax	A-2	1,413,547	-	1,413,547	-
		<u>11,233,414</u>	<u>-</u>	<u>11,911,420</u>	<u>678,006</u>
Total General Revenue		<u>\$ 16,342,354</u>	<u>\$ 401,383</u>	17,612,054	<u>\$ 868,317</u>
Non-Budget Revenue	A-1,A-2			<u>187,642</u>	
				<u>\$ 17,799,696</u>	

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenues from Collections	A-9	\$ 64,477,503
Less: Allocated to School and County Taxes	A-21, A-22, A-23	<u>53,451,083</u>
Balance for Support of Municipal Budget Appropriations		11,026,420
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>885,000</u>
Amount for Support of Municipal Budget of Appropriations	A-2	<u>\$ 11,911,420</u>
Licenses - Other		
Borough Clerk	A-11	\$ 3,465
Board of Health	A-11	<u>23,755</u>
	A-2	<u>\$ 27,220</u>
Fees and Permits - Other		
Tax Collector	A-11	\$ 390
Police Department	A-11	470
Fire Prevention	A-11	19,430
Planning Board	A-11	21,750
Board of Health	A-11	<u>57,274</u>
	A-2	<u>\$ 99,314</u>
ANALYSIS OF NON-BUDGET REVENUES		
Insurance Dividends/Refunds		\$ 21,651
FEMA Reimbursement		28,765
Refund of Prior Year Expenditures		32,746
NW Bergen Sewer Connection Fee Program		12,745
Escrow Settlement Funds		36,692
Miscellaneous		<u>55,043</u>
	A-1,A-2	<u>\$ 187,642</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS					
Operations - Within "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 234,625	\$ 234,625	\$ 224,277	\$ 10,348	
Other Expenses	77,850	85,850	81,392	4,458	
Mayor & Council					
Salaries and Wages	30,000	30,000	30,000		
Other Expenses	6,250	6,250	5,407	843	
Municipal Clerk					
Salaries and Wages	129,435	129,435	125,581	3,854	
Other Expenses	34,950	34,950	29,526	5,424	
Financial Administration					
Salaries and Wages	157,625	157,625	151,134	6,491	
Other Expenses	32,800	62,800	52,443	10,357	
Audit Services					
Other Expenses	43,000	48,500	46,032	2,468	
Revenue Administration (Tax Collection)					
Salaries and Wages	58,940	58,940	58,059	881	
Other Expenses	18,360	13,360	12,361	999	
Tax Assessment Administration					
Salaries and Wages	56,095	56,095	54,523	1,572	
Other Expenses	32,290	12,290	9,088	3,202	
Legal Services (Legal Department)					
Other Expenses	152,000	140,500	132,460	8,040	
Engineering Services and Costs					
Salaries and Wages	48,850	48,850	48,850		
Other Expenses	109,700	114,700	112,254	2,446	
Land Use Administration					
Planning Board					
Salaries and Wages	4,200	4,200	2,800	1,400	
Other Expenses	10,410	10,410	9,511	899	
Zoning Board of Adjustment					
Salaries and Wages	2,400	2,405	2,400	5	
Other Expenses	10,865	10,865	5,887	4,978	
Zoning Official					
Salaries and Wages	15,290	15,290	14,639	651	
Insurance					
Unemployment Insurance	5,000				
General Liability	183,220	183,220	182,589	631	
Worker's Compensation	211,992	211,992	211,293	699	
Employee Group Health	1,573,125	1,494,625	1,445,457	49,168	
Other Insurance Premiums	30,500	24,655	24,655		

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
Operations - Within "CAPS" (Continued)					
PUBLIC SAFETY					
Police Department					
Salaries and Wages	\$ 2,744,485	\$ 2,721,325	\$ 2,704,578	\$ 16,747	
Other Expenses	138,700	138,700	117,893	20,807	
Acquisition of Vehicles	29,000	29,000	27,597	1,403	
Office of Emergency Management					
Other Expenses	11,000	11,000	9,983	1,017	
Ambulance Service					
Other Expenses	70,600	70,600	43,592	27,008	
Fire Department					
Salaries and Wages	8,100	8,100	3,666	4,434	
Other Expenses	126,010	150,010	148,239	1,771	
Uniform Fire Safety					
Salaries and Wages	44,500	44,500	40,713	3,787	
Other Expenses	249,750	249,750	240,774	8,976	
Municipal Court					
Salaries and Wages	152,115	152,115	145,827	6,288	
Other Expenses	10,025	10,025	7,858	2,167	
Municipal Court Public Defender					
Salaries and Wages	4,800	4,800	4,500	300	
Municipal Prosecutor's Office					
Salaries and Wages	17,500	17,500	15,874	1,626	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	1,049,930	1,049,930	1,034,927	15,003	
Other Expenses	491,400	543,900	481,081	62,819	
Solid Waste Collection					
Other Expenses	415,000	419,000	406,632	12,368	
Buildings and Grounds					
Other Expenses	149,300	168,300	168,266	34	
Vehicle Maintenance (including Police)					
Other Expenses	245,500	313,500	311,856	1,644	
Shade Tree					
Salaries and Wages	37,050	37,050	35,653	1,397	
Other Expenses	4,200	4,200	2,679	1,521	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	58,045	58,045	52,675	5,370	
Other Expenses	72,005	72,005	68,532	3,473	
Animal Control Services					
Other Expenses	13,000	13,000	12,355	645	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	155,000	155,000	146,284	8,716	
Other Expenses	250,300	250,300	237,150	13,150	
Senior Citizens Programs					
Other Expenses	14,000	14,000	14,000		

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL APPROPRIATIONS (Cont'd.)					
Operations - Within "CAPS" (Continued)					
Environment Commission					
Other Expenses	\$ 2,000	\$ 2,000	\$ 503	\$ 1,497	
Celebration of Public Events					
Other Expenses	4,000	4,000	2,035	1,965	
Cable T.V. Committee					
Other Expenses	2,520	2,520		2,520	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES (NJAC5:23-4-17)					
CODE ENFORCEMENT AND ADMIN					
Uniform Construction Code Enforcement Functions					
Building Inspector					
Salaries and Wages	137,070	137,070	134,299	2,771	
Other Expenses	45,450	45,450	43,061	2,389	
Other Code Enforcement Functions					
Electrical Inspector					
Salaries and Wages	53,000	53,000	41,808	11,192	
Plumbing Inspector					
Salaries and Wages	26,000	26,000	22,950	3,050	
Fire Protection Official					
Salaries and Wages	33,000	33,000	32,925	75	
UNCLASSIFIED:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	180,000	180,000	178,441	1,559	
Street Lighting	19,000	22,000	20,984	1,016	
Telephone	30,000	30,000	25,926	4,074	
Water	30,000	30,000	20,611	9,389	
Gasoline	130,000	130,000	93,864	36,136	
Landfill/Solid Waste Disposal Costs	335,000	335,000	312,847	22,153	
Telecommunications	7,000	7,000	5,461	1,539	-
	<u>10,865,127</u>	<u>10,935,127</u>	<u>10,491,517</u>	<u>443,610</u>	<u>-</u>
Total Operations Within "CAPS"					
Contingent	-	-	-	-	-
Total Operations including Contingent - Within "CAPS"	<u>10,865,127</u>	<u>10,935,127</u>	<u>10,491,517</u>	<u>443,610</u>	<u>-</u>
Detail:					
Salaries and Wages	5,258,055	5,234,900	5,128,942	105,958	-
Other Expenses	5,607,072	5,700,227	5,362,575	337,652	-

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Cont'd.)					
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Charges					
Public Employees Retirement System	\$ 332,380	\$ 299,380	\$ 298,661	\$ 719	
Social Security System (O.A.S.I.)	240,000	240,000	229,031	10,969	
DCRP Employer Contribution	5,000	5,000	2,560	2,440	
Police & Firemen's Retirement System	<u>574,424</u>	<u>537,424</u>	<u>537,286</u>	<u>138</u>	<u>-</u>
Total Deferred Charges & Statutory					
Expenditures - Municipal Within "CAPS"	<u>1,151,804</u>	<u>1,081,804</u>	<u>1,067,538</u>	<u>14,266</u>	<u>-</u>
Total General Appropriations for Municipal					
Purposes Within "CAPS"	<u>12,016,931</u>	<u>12,016,931</u>	<u>11,559,055</u>	<u>457,876</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATIONAL FUNCTIONS					
Municipal Library	1,413,547	1,413,547	1,413,547		
NJ DEP Stormwater Permit	<u>6,500</u>	<u>6,500</u>	<u>6,315</u>	<u>185</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,420,047</u>	<u>1,420,047</u>	<u>1,419,862</u>	<u>185</u>	<u>-</u>
Interlocal Municipal Service Agreements					
Enhanced 911 Service - Northwest Bergen					
Central Dispatch					
Other Expenses	<u>8,000</u>	<u>8,000</u>	<u>7,817</u>	<u>183</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>8,000</u>	<u>8,000</u>	<u>7,817</u>	<u>183</u>	<u>-</u>

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS (Cont'd.)					
OPERATIONS - EXCLUDED FROM "CAPS" (Cont'd.)					
Public and Private Programs Offset by Revenues					
Clean Communities Grant		\$ 46,414	\$ 46,414		
Municipal Alliance on Alcoholism and Drug Abuse					
County Share	\$ 9,876	10,996	1,120	\$ 9,876	
Local Share					
Matching Funds for Grants	3,000	3,000	1,805	1,195	
Private Donations		15,800	15,800		
Recycling Tonnage Grant		14,403	14,403		
ADA Compliant Curbs					
2014 Drive Sober/Get Pulled Over Grant		4,778	4,778		
Open Space Preservation, LLC		47,905	47,905		
Drunk Driving Enforcement Fund		2,709	2,709		
2010 Drunk Driving Enforcement Fund		492	492		
Click It or Ticket		3,762	3,762		
Thomas W. Murphy, Jr. Fund		114,000	114,000		
Thomas W. Murphy, Jr. -Police Headquarters		50,000	50,000		
Meyer Foundation - Police Headquarters	-	100,000	100,000	-	-
	<u>12,876</u>	<u>414,259</u>	<u>403,188</u>	<u>11,071</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
Total Operations Excluded from "CAPS"	<u>1,440,923</u>	<u>1,842,306</u>	<u>1,830,867</u>	<u>11,439</u>	<u>-</u>
Detail					
Salaries & Wages					
Other Expenses	<u>1,440,923</u>	<u>1,842,306</u>	<u>1,830,867</u>	<u>11,439</u>	<u>-</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>556,900</u>	<u>556,900</u>	<u>556,900</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>556,900</u>	<u>556,900</u>	<u>556,900</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	880,000	880,000	805,850		\$ 74,150
Payment of Bond Anticipation Notes and Capital Notes	107,000	107,000	106,910		90
Interest on Bonds	385,600	385,600	344,849		40,751
Interest on Notes	<u>50,000</u>	<u>50,000</u>	<u>44,868</u>	<u>-</u>	<u>5,132</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,422,600</u>	<u>1,422,600</u>	<u>1,302,477</u>	<u>-</u>	<u>120,123</u>
DEFERRED CHARGES					
Special Emergency Authorization	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>3,440,423</u>	<u>3,841,806</u>	<u>3,710,244</u>	<u>11,439</u>	<u>120,123</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF FRANKLIN LAKES
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Appropriations</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Subtotal General Appropriations	\$ 15,457,354	\$ 15,858,737	\$ 15,269,299	\$ 469,315	\$ 120,123
Reserve for Uncollected Taxes	<u>885,000</u>	<u>885,000</u>	<u>885,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 16,342,354</u>	<u>\$ 16,743,737</u>	<u>\$ 16,154,299</u>	<u>\$ 469,315</u>	<u>\$ 120,123</u>
Budget as Adopted	A-2	\$ 16,342,354			
Added by N.J.S. 40A:4-87	A-2	<u>401,383</u>			
		<u>\$ 16,743,737</u>			
Cash Disbursements	A-4		\$ 14,106,995		
Encumbrances Payable	A-15		501,045		
Deferred Charges	A-13		20,000		
Prepaid Expenditure	A-12		230,000		
Appropriated Grant Reserves	A-17		411,259		
Reserve for Uncollected Taxes	A-2		<u>885,000</u>		
			<u>\$ 16,154,299</u>		

**BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ANIMAL CONTROL FUND			
Cash	B-2	\$ 34,947	\$ 24,092
OTHER TRUST FUND			
Cash	B-2	<u>2,774,226</u>	<u>2,534,995</u>
		<u>2,774,226</u>	<u>2,534,995</u>
ASSESSMENT TRUST FUND			
Cash	B-2	117,578	95,078
Assessments Receivable	B-14	<u>60,331</u>	<u>78,804</u>
		<u>177,909</u>	<u>173,882</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-2	<u>21,043</u>	<u>23,653</u>
Total Assets		<u>\$ 3,008,125</u>	<u>\$ 2,756,622</u>

BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013
(Continued)

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-5	\$ 12,204	\$ 2,510
Due to State of NJ	B-4	4	10
Reserve for Animal Control Expenditures	B-3	<u>22,739</u>	<u>21,572</u>
		<u>34,947</u>	<u>24,092</u>
OTHER TRUST FUND			
Payroll Deductions and Withholdings Payable	B-7	40,547	35,911
Due to Current Fund	B-8		112
Reserve for:			
Affordable Housing	B-6	518,122	301,419
Miscellaneous Reserves	B-9	568,519	580,562
Escrow Deposits	B-10	1,640,093	1,583,601
Library Excess Funds	B-11	<u>6,945</u>	<u>33,390</u>
		<u>2,774,226</u>	<u>2,534,995</u>
ASSESSMENT TRUST FUND			
Due to Current Fund	B-15	14,495	10,468
Due to General Capital Fund	B-16	<u>163,414</u>	<u>163,414</u>
		<u>177,909</u>	<u>173,882</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to the State of New Jersey	B-12	324	4,074
Reserve for Unemployment Insurance Claims	B-13	<u>20,719</u>	<u>19,579</u>
		<u>21,043</u>	<u>23,653</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,008,125</u>	<u>\$ 2,756,622</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2,C-3	\$ 1,505,813	\$ 1,724,713
Grants Receivable	C-4	352,000	89,716
Due from Assessment Trust Fund	B-16	163,414	163,414
Deferred Charges to Future Taxation - Funded	C-5	13,640,000	9,446,000
Deferred Charges to Future Taxation - Unfunded	C-6	<u>762,967</u>	<u>4,584,112</u>
 Total Assets		 <u>\$ 16,424,194</u>	 <u>\$ 16,007,955</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bond Payable	C-7	\$ 13,640,000	\$ 9,446,000
Bond Anticipation Notes	C-8		4,499,310
Improvement Authorizations			
Funded	C-9	874,773	180,964
Unfunded	C-9	731,716	370,902
Encumbrances Payable	C-10	98,876	413,638
Capital Improvement Fund	C-11	81,161	56,881
Reserve for Payment of Debt	C-12	52,619	205,600
Reserve for Grants Receivable	C-4	352,000	89,716
Reserve for COAH - RCA Debt	C-13	507,925	622,820
Fund Balance	C-1	<u>85,124</u>	<u>122,124</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 16,424,194</u>	 <u>\$ 16,007,955</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$823,298 and \$163,606, respectively (Exhibit C-14).

BOROUGH OF FRANKLIN LAKES
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 122,124	\$ 102,797
Increased by:			
Cancellation of Funded Improvement Authorizations	C-1		19,181
Premium on Sale of Bond Anticipation Note	C-1	-	30,146
		-	49,327
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9	37,000	30,000
Balance, December 31		<u>\$ 85,124</u>	<u>\$ 122,124</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF FRANKLIN LAKES
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Land	\$ 22,916,821	\$ 22,916,821
Buildings and Improvements	7,407,257	7,407,257
Vehicles	5,439,010	5,224,968
Machinery and Equipment	<u>6,868,639</u>	<u>6,880,322</u>
 Total Assets	 <u>\$ 42,631,727</u>	 <u>\$ 42,429,368</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 42,631,727</u>	<u>\$ 42,429,368</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Franklin Lakes (the "Borough") was incorporated in 1922 and operates under an elected Mayor and Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department, or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Franklin Lakes have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Franklin Lakes follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Franklin Lakes has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

Fixed Assets purchased after December 31, 1997 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1997 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. **Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds (except Assessment Trust Fund)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget by \$401,383 and \$158,671. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. **Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$9,391,815 and \$8,300,949 and bank and brokerage firm balances of the Borough's deposits amounted to \$9,430,036 and \$8,497,256, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 9,430,036	\$ 8,497,256

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances were not exposed to custodial credit risk.

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2014 and 2013 the Borough had no outstanding investments.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

<u>Current</u>	<u>2014</u>	<u>2013</u>
Property Taxes	\$ 454,670	\$ 579,667
Tax Title Liens	<u>9,665</u>	<u>8,827</u>
	<u>\$ 464,335</u>	<u>\$ 588,494</u>

In 2014 and 2013, the Borough collected \$578,522 and \$686,463 from delinquent taxes, which represented 98% and 98%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 26,699		\$ 13,090	
Trust Fund:				
Animal Control		\$ 12,204		\$ 2,510
Other Trust				112
Assessment Trust		177,909		173,882
General Capital Fund	<u>163,414</u>	<u>-</u>	<u>163,414</u>	<u>-</u>
Total	<u>\$ 190,113</u>	<u>\$ 190,113</u>	<u>\$ 176,504</u>	<u>\$ 176,504</u>

The above balances are the result of revenues being received or expenditures being paid by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ -</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 36,000</u>	<u>\$ 20,000</u>	<u>\$ 16,000</u>

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2014</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,014,719	\$ 875,000	\$ 2,208,796	\$ 750,000
Non-Cash Surplus	<u>30,781</u>	<u>-</u>	<u>156,748</u>	<u>-</u>
	<u>\$ 3,045,500</u>	<u>\$ 875,000</u>	<u>\$ 2,365,544</u>	<u>\$ 750,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land	\$ 22,916,821			\$ 22,916,821
Buildings and Improvements	7,407,257			7,407,257
Vehicles	5,224,968	\$ 214,042		5,439,010
Machinery and Equipment	<u>6,880,322</u>	<u>22,414</u>	<u>\$ 34,097</u>	<u>6,868,639</u>
	<u>\$ 42,429,368</u>	<u>\$ 236,456</u>	<u>\$ 34,097</u>	<u>\$ 42,631,727</u>
	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 20,913,400	\$ 2,003,421		\$ 22,916,821
Buildings and Improvements	7,407,257			7,407,257
Vehicles	5,426,560		\$ 201,592	5,224,968
Machinery and Equipment	<u>6,358,209</u>	<u>545,093</u>	<u>22,980</u>	<u>6,880,322</u>
	<u>\$ 40,105,426</u>	<u>\$ 2,548,514</u>	<u>\$ 224,572</u>	<u>\$ 42,429,368</u>

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 13,640,000	\$ 13,945,310
Less Funds Temporarily Held to Pay Bonds and Notes	<u>560,544</u>	<u>828,420</u>
Net Debt Issued	13,079,456	13,116,890
Authorized But Not Issued		
General		
Bonds and Notes	762,967	84,802
Assessment	<u>60,331</u>	<u>78,804</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,902,754</u>	<u>\$ 13,280,496</u>

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .322% and .305% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 14,463,298	\$ 560,544	\$ 13,902,754
School Debt	<u>13,391,074</u>	<u>13,391,074</u>	<u>-</u>
Total	<u>\$ 27,854,372</u>	<u>\$ 13,951,618</u>	<u>\$ 13,902,754</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 14,108,916	\$ 828,420	\$ 13,280,496
School Debt	<u>14,372,330</u>	<u>14,372,330</u>	<u>-</u>
Total	<u>\$ 28,481,246</u>	<u>\$ 15,200,750</u>	<u>\$ 13,280,496</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 150,722,848	\$ 152,204,332
Net Debt	<u>13,902,754</u>	<u>13,280,496</u>
Remaining Borrowing Power	<u>\$ 136,820,094</u>	<u>\$ 138,923,836</u>

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$3,416,000, 2003 Bonds. These were refunded in 2014.		\$ 1,386,000
\$10,810,000, 2008 Bonds, due in annual installments of \$650,000 to \$985,000 through March 1, 2023, interest at 4.00% to 4.50%	\$ 7,435,000	8,060,000
\$5,055,000, 2014 Bonds, due in annual installments of \$230,000 to \$460,000 through September 1, 2029, interest at 1.00% to 2.00%	5,055,000	
\$1,150,000, 2014 Refunding Bonds, due in annual installments of \$280,000 to \$295,000 through March 1, 2018, interest at 1.00%	1,150,000	-
	<u>\$ 13,640,000</u>	<u>\$ 9,446,000</u>

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General		Total
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 1,160,000	\$ 408,982	\$ 1,568,982
2016	1,220,000	391,000	1,611,000
2017	1,260,000	353,713	1,613,713
2018	1,315,000	312,138	1,627,138
2019	1,080,000	269,763	1,349,763
2020-2024	5,305,000	678,450	5,983,450
2025-2029	<u>2,300,000</u>	<u>138,000</u>	<u>2,438,000</u>
Total	<u>\$ 13,640,000</u>	<u>\$ 2,552,046</u>	<u>\$ 16,192,046</u>

Current Refundings of Debt

On October 24, 2015, the Borough issued \$1,150,000 in General Obligation Refunding Bonds having an interest rate of 1.00%. These Bonds were issued in order to currently refund certain principal maturities of General Improvement Bonds of the Borough. The total principal currently refunded was \$1,131,000. This current refunding resulted in the issuance of an additional \$19,000 in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$35,898; however, the economic gain (difference between the present value of the old and new debt service payments) was \$36,944. The current refunding was undertaken to reduce total debt service payments over the next four years by \$37,280.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 9,446,000	\$ 6,205,000	\$ 2,011,000	\$ 13,640,000	\$ 1,160,000
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 10,291,000	\$ -	\$ 845,000	\$ 9,446,000	\$ 880,000

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<u>2014</u>						
Road and Curb Impvt. Program	1.00%	10/24/2014	\$ 1,474,465		\$ 1,474,465	
Improvements to Tommy John Field	1.00%	10/24/2014	22,122		22,122	
Various Improvements	1.00%	10/24/2014	2,079,367		2,079,367	
Acquisition of Back Hoe	1.00%	10/24/2014	72,356		72,356	
Road Program and Various Equip.	1.50%	10/24/2014	642,000		642,000	
Repair/Replace Firehouse Roof	1.50%	10/24/2014	209,000	-	209,000	-
Total Bond Anticipation Notes Payable			\$ 4,499,310	\$ -	\$ 4,499,310	\$ -

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Improvements to Haledon Reservoir	1.50%	10/25/2013	\$ 244,400		\$ 244,400	
Road and Curb Impvt. Program	1.00%	10/24/2014	1,772,750	\$ 1,474,465	1,772,750	\$ 1,474,465
Improvements to Tommy John Field	1.00%	10/24/2014	64,725	22,122	64,725	22,122
Various Improvements	1.00%	10/24/2014	1,115,000	2,079,367	1,115,000	2,079,367
Acquisition of Back Hoe	1.00%	10/24/2014	81,700	72,356	81,700	72,356
Road Program and Various Equip.	1.50%	10/24/2014	642,000	642,000	642,000	642,000
Repair/Replace Firehouse Roof	1.50%	10/24/2014	209,000	209,000	209,000	209,000
Total Bond Anticipation Notes Payable			<u>\$ 4,129,575</u>	<u>\$ 4,499,310</u>	<u>\$ 4,129,575</u>	<u>\$ 4,499,310</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u> <u>2014</u>	<u>Commitment</u>	<u>Estimated Date of Completion/ Acquisition</u>
None.		
<u>2013</u>		
Improvements to Summit Avenue	\$ 134,546	2014
Replacement of Three Culvert Crossings	52,550	2014
Fire Department Equipment	54,890	2014
One Police Vehicle	37,030	2014

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, certain employees and bargaining units are permitted to be compensated for one-half (1/2) of their unused sick days from the previous calendar year. Carryover days not paid in the succeeding calendar year are forfeited.

These amounts, which have not been determined and are considered immaterial to the financial statements, are not reported either as an expenditure or liability.

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended June 30, 2014 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF FRANKLIN LAKES
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 537,286	\$ 298,661	\$ 2,560
2013	554,883	332,026	1,589
2012	571,872	320,454	839

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post employment healthcare plan for its eligible retirees and their spouses. The plan is a single-employer defined benefit healthcare plan administered by the Borough.

Funding Policy

The required contribution is funded on a pay-as-you-go basis with an additional amount to prefund benefits as determined annually by the Borough. For the year 2014, the Borough contributed \$412,406 to the plan for current premiums. Certain plan members receiving benefits contributed a portion of the total premiums based on the number of years of service upon retirement.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year 2014 and 2013, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the plan.

	<u>2014</u>	<u>2013</u>
Annual Required Contribution	\$ 971,310	\$ 971,310
Interest on Net OPEB Obligation	40,895	40,895
Adjustment to Annual Required Contribution	21,334	-
Total (Annual OPEB Cost (Expense))	<u>1,033,539</u>	<u>1,012,205</u>
Contributions Made	<u>(412,406)</u>	<u>(388,000)</u>
Increase in Net OPEB Obligation	621,133	624,205
Net OPEB Obligation - Beginning of Year	<u>908,782</u>	<u>284,577</u>
Net OPEB Obligation - End of Year	<u>\$ 1,529,915</u>	<u>\$ 908,782</u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years 2014 and 2013 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligations</u>
2014	\$ 1,033,539	39.9%	\$ 1,529,915
2013	1,012,205	39.9%	908,782

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$14,803,053, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,803,053. The covered payroll (annual payroll of active employees covered by the plan) was not available.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

NOTE 15 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Franklin Lakes is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 RISK MANAGEMENT (Continued)

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund’s Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014		\$ 6,940	\$ 5,800	\$ 20,719
2013	\$ 5,000	7,978	8,490	19,579
2012		7,833	7,276	15,091

NOTE 16 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough’s Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Borough reserved \$21,657 and \$21,657, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 16 CONTINGENT LIABILITIES (Continued)

The Borough is currently a party to litigation proceedings with Medco Health Services, a Borough taxpayer who has filed an appeal of its property assessments for tax years 2010, 2011, 2012 and 2013. The total municipal assessment for each of the years is approximately \$118 million. The appraiser for Medco indicates a value of approximately \$62 million for 2010 and \$56 million for 2011, 2012 and 2013. In the opinion of counsel should the taxpayer prevail in the appeal, the exposure to the Borough would be material.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 17 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 18 GREEN ACRES FUNDING

The Borough has been a recipient under the Green Acres Planning Incentive Grant Program for the funding of a portion of the acquisition costs of the Haledon Reservoir. The approved project cost of the reservoir was determined to be \$5,856,000 of which 50% is eligible under the grant program. The Borough has received \$2,750,000 in grant funds. As such the Borough is eligible, subject to State funding appropriation, an additional amount of \$178,000.

**BOROUGH OF FRANKLIN LAKES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

During 2015, the Borough adopted Bond Ordinances authorizing the issuance of \$2,120,620 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF FRANKLIN LAKES
STATEMENT OF CURRENT CASH - COLLECTOR-TREASURER

Balance, December 31, 2013		\$ 3,897,918
Increased by Receipts:		
Taxes Receivable	\$ 64,554,563	
Non-Budget Revenue	187,642	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	60,180	
Grants Receivable	479,755	
Revenue Accounts Receivable	3,956,826	
Petty Cash	600	
Receipts from Animal Control Trust Fund	2,510	
Receipts from Other Trust Fund	112	
Fees Payable	35,074	
Prepaid Taxes	634,289	
Reserve for State and Federal Grants - Unappropriated	16,196	
Reserve for Recreation Online Fees	105,949	
Tax Overpayments	18,174	
	<u>70,051,870</u>	
		73,949,788
Decreased by Disbursements:		
2014 Budget Appropriations	14,106,995	
2013 Appropriation Reserves	300,369	
Encumbrances Payable	386,828	
County Taxes Payable	9,990,387	
Local District School Tax Payable	25,201,908	
Regional High School Taxes Payable	18,237,500	
Fees Payable	33,909	
Petty Cash	600	
Change Fund	200	
Reserve for Recreation Online Fees	106,411	
Reserve for State and Federal Grants - Appropriated	327,813	
Tax Overpayments	23,925	
Prepaid Expenditures	190,000	
Refund of Prior Year Revenue	8,703	
Refund of Prior Year Taxes	96,732	
	<u>69,012,280</u>	
Balance, December 31, 2014		<u>\$ 4,937,508</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2013</u>	<u>Increased</u>	Balance, December 31, <u>2014</u>
Borough Clerk	\$ 100		\$ 100
Tax Office	200		200
Municipal Court	100		100
Board of Health	100		100
Construction Code	-	\$ 200	200
	<u>\$ 500</u>	<u>\$ 200</u>	<u>\$ 700</u>

STATEMENT OF PETTY CASH

<u>Office</u>	<u>Received from Treasurer</u>	<u>Returned to Treasurer</u>
Borough Clerk	\$ 500	\$ 500
Recreation	100	100
	<u>\$ 600</u>	<u>\$ 600</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Revenue <u>Accrued</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
Clean Communities Grant		\$ 24,158	\$ 24,158	
Green Communities Grant	\$ 1,500		1,500	
Municipal Alliance Program	15,248	10,876	11,702	\$ 14,422
Drunk Driving Enforcement Fund		2,709	2,709	
Private Donation		15,600	15,600	
Drive Sober or Get Pulled Over		4,778	4,778	
Click It or Ticket		3,762	3,762	
Thomas W. Murphy, Jr. Fund		114,000	114,000	
Thomas W. Murphy, Jr - Police Headquarters		50,000	50,000	
Meyer Memorial Fund - Police Headquarters		100,000	100,000	
FLK Open Space Preservation		47,905	47,905	
ADA Curb Improvements	104,000	-	103,641	359
	<u>\$ 120,748</u>	<u>\$ 373,788</u>	<u>\$ 479,755</u>	<u>\$ 14,781</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2013		\$ 1,548
Increased by:		
Received in Cash from State	\$ 60,180	
Senior Citizens' Deductions Disallowed by Tax Collector - Current Year	<u>164</u>	
		<u>60,344</u>
		61,892
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	2,000	
Veterans' Deductions Per Tax Billings	55,750	
Veterans' Deductions Allowed by Tax Collector - Current Year	<u>1,000</u>	
		<u>58,750</u>
Balance, December 31, 2014		<u>\$ 3,142</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2013	2014 Levy	Added and Omitted Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2013	2014	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transfer to Tax Title Liens	Balance, December 31, 2014
2013	\$ 579,667	-	-	-	\$ -	\$ 578,522	-	\$ 1,145	-	-
	579,667					578,522		1,145		
2014	-	\$ 64,627,726	\$ 402,550	\$ 164	\$ 442,876	\$ 63,976,041	\$ 58,750	\$ 97,265	\$ 838	\$ 454,670
	\$ 579,667	\$ 64,627,726	\$ 402,550	\$ 164	\$ 442,876	\$ 64,554,563	\$ 58,750	\$ 98,410	\$ 838	\$ 454,670

Analysis of 2014 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 64,627,726
Added and Omitted Taxes (54:4-63.1 et seq.)	<u>402,550</u>
	\$ 65,030,276
TAX LEVY	
Local District School Tax (Abstract)	\$ 25,201,908
Regional High School Tax (Abstract)	18,237,500
County Tax (Abstract)	9,842,480
County Open Tax	106,689
Due County for Added and Omitted Taxes	<u>62,606</u>
	\$ 53,451,183
Local Tax for Municipal Purposes (Abstract)	9,819,867
Minimum Library Tax	1,413,547
Additional Tax Levied	<u>345,679</u>
	11,579,093
	<u>\$ 65,030,276</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2013	\$ 8,827
Increased by:	
Transferred from Taxes Receivable	<u>838</u>
Balance, December 31, 2014	<u>\$ 9,665</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Accrued <u>2014</u>	Collected in <u>2014</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 9,348	\$ 9,348	
Other		3,465	3,465	
Board of Health				
Licenses		23,755	23,755	
Fees and Permits		57,274	57,274	
Tax Collector				
Fees and Permits		390	390	
Planning Board				
Fees and Permits		21,750	21,750	
Fire Prevention				
Fees and Permits		19,430	19,430	
Police Department				
Fees and Permits		470	470	
Uniform Construction Code				
Fees and Permits		514,836	514,836	
Municipal Court				
Fines and Costs	\$ 14,489	228,009	232,892	\$ 9,606
Interest and Cost on Taxes and Assessments		173,844	173,844	
Interest on Investments and Deposits		13,393	13,393	
Energy Receipts Tax		1,775,732	1,775,732	
Watershed Moratorium Offset Aid		5,969	5,969	
Uniform Fire Safety Act		16,039	16,039	
Community Center Fees		6,059	6,059	
Recreation Program Fees		189,009	189,009	
Bravo - Housewives Fee		64,800	64,800	
Outside Police Employment		15,369	15,369	
Use of Recreation Fields		10,411	10,411	
Library Reimbursement		227,633	227,633	
Sale of Municipal Assets				
VFW Parking Permits		14,977	14,977	
Lease of Land for Monopole- Sprint Co		82,983	82,983	
Cable T.V. Franchise Fee		165,423	165,423	
Recycling Revenue		76,612	76,612	
Library Return of Excess Funds		33,390	33,390	
Reserve for Payment of Debt	-	205,600	205,600	-
	<u>\$ 14,489</u>	<u>\$ 3,955,970</u>	<u>\$ 3,960,853</u>	<u>\$ 9,606</u>
Cash Receipts			\$ 3,956,826	
Due from Assessment Trust Fund			<u>4,027</u>	
			<u>\$ 3,960,853</u>	

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF PREPAID PAYROLL ADVANCE**

Balance, December 31, 2013	\$ 230,000
Increased by:	
Prepayment of 2015 Payroll Expenditure	<u>190,000</u>
	420,000
Decreased by:	
Charged to 2014 Budget Appropriations	<u>230,000</u>
Balance, December 31, 2014	<u>\$ 190,000</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS (N.J.S. 40A:4:53)**

<u>Date</u>	<u>Net Amount</u>	<u>1/5 of Net</u>	<u>Balance,</u>	<u>2014</u>	<u>2014 Budget</u>	<u>Balance,</u>
<u>Authorized</u>	<u>Authorized</u>	<u>Amount</u>	<u>December 31,</u>	<u>Authorization</u>	<u>Appropriation</u>	<u>December 31,</u>
		<u>Authorized</u>	<u>2013</u>	<u>2014</u>		<u>2014</u>
9/15/2009	\$ 20,000	\$ 4,000	\$ 4,000		\$ 4,000	
8/3/2010	80,000	16,000	32,000	-	16,000	\$ 16,000
	<u>\$ 100,000</u>	<u>\$ 20,000</u>	<u>\$ 36,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 16,000</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, 2013	Encumbrances Cancelled	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 1,115		\$ 1,115		\$ 1,115
Other Expenses	9,353		11,353	\$ 3,417	7,936
Mayor & Council					
Other Expenses	766		766	166	600
Municipal Clerk					
Salaries and Wages	4,276	\$ 5,049	9,325		9,325
Other Expenses	9,740		9,740		9,740
Financial Administration					
Salaries and Wages	1,107		1,107		1,107
Other Expenses	5,015		19,015	16,115	2,900
Audit Services					
Other Expenses	3,300		3,300	1,200	2,100
Revenue Administration (Tax Collection)					
Salaries and Wages	2		2		2
Other Expenses	596	6,200	596		596
Tax Assessment Administration					
Salaries and Wages	455		455		455
Other Expenses	16,733		16,733	9,200	7,533
Legal Services (Legal Department)					
Other Expenses	3,109		13,109	12,510	599
Engineering Services and Costs					
Salaries and Wages	133		133		133
Other Expenses	37,886		2,830	2,705	125
Planning Board					
Salaries and Wages	350		350		350
Other Expenses	5,433		733	296	437
Zoning Board of Adjustment					
Other Expenses	831		1,831	1,011	820
Zoning Official					
Salaries and Wages	8		8		8
Insurance					
Worker's Compensation	3		3		3
Employee Group Health	600	92,199	49		49
Other Insurance Premiums	1,832		2,932	2,908	24

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF APPROPRIATION RESERVES**

GENERAL GOVERNMENT (Cont'd)	Balance, December 31, <u>2013</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police					
Salaries and Wages	\$ 54,877		\$ 37,877		\$ 37,877
Other Expenses	6,588		6,588	\$ 300	6,288
Acquisition of Vehicles	1,126		1,126	1,126	
Office of Emergency Management					
Other Expenses	10,110		10,110	518	9,592
Ambulance Service					
Other Expenses	11,804		11,804	2,400	9,404
Fire Department					
Salaries and Wages	4,290		4,290		4,290
Other Expenses	23,201		23,201	702	22,499
Uniform Fire Safety					
Salaries and Wages	4,694		4,694		4,694
Other Expenses	2,751		2,751	323	2,428
Municipal Court					
Salaries and Wages	5,505		5,505		5,505
Other Expenses	1,695		1,695	14	1,681
Municipal Prosecutor					
Salaries and Wages	2,750		2,750	1,167	1,583
Streets and Road Maintenance					
Salaries and Wages	43,997		43,997		43,997
Other Expenses	24,341		101,811	101,811	
Solid Waste Collection					
Other Expenses	2,837		2,837	600	2,237
Buildings and Grounds					
Other Expenses	1,193		19,123	18,744	379
Vehicle Maintenance					
Other Expenses	999		63,349	63,341	8
Shade Tree					
Salaries and Wages	2,715		2,715		2,715
Other Expenses	2,634		2,634	40	2,594
Board of Health					
Salaries and Wages	1,336		1,336		1,336
Other Expenses	5,568	\$ 41	5,609		5,609
Animal Control Services					
Other Expenses	1,720		1,720		1,720
Recreation Services and Programs					
Salaries and Wages	25,133		25,133	2,475	22,658
Other Expenses	21,934		21,934	4,741	17,193

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF APPROPRIATION RESERVES**

	Balance, December 31, <u>2013</u>	Encumbrances <u>Cancelled</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT (Cont'd)					
Celebration of Public Events					
Other Expenses	\$ 669		\$ 669		\$ 669
Environment Commission					
Other Expenses	1,200		1,200		1,200
Cable T.V. Committee					
Other Expenses	2,520		2,520		2,520
Building Inspector					
Salaries and Wages	4,780		4,780		4,780
Other Expenses	2,808		2,808	\$ 707	2,101
Electrical Inspector					
Salaries and Wages	10,006		4,111		4,111
Plumbing Inspector					
Salaries and Wages	7,444		144		144
Fire Protection Official					
Salaries and Wages	141		141		141
Unclassified					
Electricity	1,577		1,577	1,577	
Street Lighting	12,231		12,231		12,231
Telephone	4,365		4,365	112	4,253
Telecommunications	1,229		1,229	263	966
Water	27,372	\$ 2,050	29,422		29,422
Gasoline	3,070	16,593	863		863
Landfill/ Solid Waste Disposal Costs	64,925		64,925	61,910	3,015
Statutory Expenditures:					
Contribution to:					
Social Security System	9,800		5		5
PERS			2,056	2,056	
PFRS			13,000	12,156	844
DCRP Employer Contribution	3,411		1		1
Interlocal Municipal Service Agreements					
Enhanced 911 Service - Northwest Bergen					
Central Dispatch					
Other Expenses	183		183		183
Matching Funds for Grants	851		851		851
NJ DEP Stormwater Permit					
Road Repairs and Maintenance					
Other Expenses	170	-	170	-	170
	<u>\$ 525,193</u>	<u>\$ 122,132</u>	<u>\$ 647,325</u>	<u>\$ 326,611</u>	<u>\$ 320,714</u>
Appropriation Reserves			\$ 525,193		
Encumbrances Payable			<u>122,132</u>		
			<u>\$ 647,325</u>		
				Cash Disbursements \$ 300,369	
				Accounts Payable <u>26,242</u>	
				<u>\$ 326,611</u>	

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 508,960
Increased by:		
Charges to 2014 Budget Appropriations	\$ 501,045	
Charges to Appropriated Grant Reserves	<u>33,034</u>	
		<u>534,079</u>
		1,043,039
Decreased by:		
Transferred to Appropriation Reserves	122,132	
Cash Disbursements	<u>386,828</u>	
		<u>508,960</u>
Balance, December 31, 2014		<u>\$ 534,079</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013		\$ 9,010
Increased by:		
Charged to 2013 Appropriation Reserves		<u>26,242</u>
Balance, December 31, 2014		<u>\$ 35,252</u>

BOROUGH OF FRANKLIN LAKES
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2013</u>	Transfer from 2014 Budget <u>Appropriations</u>	<u>Expenditures</u>	Balance, December 31, <u>2014</u>
Body Armor Replacement - State	\$ 185		\$ 185	
Green Communities	1,500		1,500	
Recycling Tonnage Grant	13,066	\$ 14,403	7,378	\$ 20,091
Drunk Driving Enforcement	6,823	3,201	1,116	8,908
Drive Sober or Get Pulled Over		4,778	4,778	
Clean Communities Grant	5,025	46,414	31,891	19,548
Municipal Alliance - State	7,049	10,996	15,228	2,817
Sustainable Jersey	273			273
Click It or Ticket		3,762	3,762	
NJ Clean Energy Program - State	4,407			4,407
Municipal Alcohol Ed/Rehabilitation	324			324
Private Donation	5,822	15,800	15,226	6,396
Meyer Foundation - FLPD Vehicles	125		125	
Meyer Foundation - FLPD Camera System	14,767		14,767	
Thomas W. Murphy, Jr. Fund		114,000	113,223	777
Thomas W. Murphy, Jr - Police Headquarters		50,000	50,000	
Meyer Memorial Fund - Police Headquarters		100,000	100,000	
FLK Open Space Preservation		47,905		47,905
Enforcement & Education Grant	2,000		1,668	332
B.C.U.A. Municipal Recycling Assistance Program	4,677			4,677
ADA Curb Improvements	360	-	-	360
	<u>\$ 66,403</u>	<u>\$ 411,259</u>	<u>\$ 360,847</u>	<u>\$ 116,815</u>
Cash Disbursements			\$ 327,813	
Encumbrances Payable			33,034	
			<u>\$ 360,847</u>	

STATEMENT OF RESERVE FOR GRANTS- UNAPPROPRIATED

	Balance, December 31, <u>2013</u>	2014 Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2014</u>
Clean Communities	\$ 22,256	\$ 22,256		
Drunk Driving Enforcement	492	492		
Recycling Tonnage Grant	14,403	14,403	\$ 14,446	\$ 14,446
Municipal Alliance Committee	120	120		
Private Donation	200	200	1,750	1,750
	<u>\$ 37,471</u>	<u>\$ 37,471</u>	<u>\$ 16,196</u>	<u>\$ 16,196</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2013	\$ 442,876
Increased by:	
Collection of 2015 Taxes	<u>634,289</u>
	1,077,165
Decreased by:	
Applied to 2014 Taxes	<u>442,876</u>
Balance, December 31, 2014	<u><u>\$ 634,289</u></u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$ 23,925
Increased by:	
Tax Overpayments Received	<u>18,174</u>
	42,099
Decreased by:	
Overpayments Refunded	<u>23,925</u>
Balance, December 31, 2014	<u><u>\$ 18,174</u></u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2013		\$ 41,218
Increased by:		
2014 County Tax Levy	\$ 9,842,480	
2014 County Open Space Tax Levy	106,689	
2014 County Added and Omitted Taxes	<u>62,506</u>	
		<u>10,011,675</u>
		10,052,893
Decreased by:		
Payments		<u>9,990,387</u>
Balance, December 31, 2014		<u>\$ 62,506</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2014		<u>\$ 25,201,908</u>
Decreased by:		
Payments		<u>\$ 25,201,908</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Increased by:		
Levy - Calendar Year 2014		<u>\$ 18,237,500</u>
Decreased by:		
Payments		<u>\$ 18,237,500</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF RESERVES FOR TAX APPEALS PENDING**

Balance, December 31, 2013	\$ <u>21,657</u>
Balance, December 31, 2014	\$ <u>21,657</u>

STATEMENT OF FEES PAYABLE

Balance, December 31, 2013	\$ 6,895
Increased by:	
Cash Receipts	
DCA Training Fees	\$ 34,569
Marriage Licenses	<u>505</u>
	<u>35,074</u>
	41,969
Decreased by:	
Cash Disbursements	
DCA Training Fees	33,274
Marriage Licenses	<u>635</u>
	<u>33,909</u>
Balance, December 31, 2014	\$ <u>8,060</u>

STATEMENT OF RESERVE FOR RECREATION ONLINE FEES

Balance, December 31, 2013	\$ 4,466
Increased by:	
Cash Receipts	<u>105,949</u>
	110,415
Decreased by:	
Cash Disbursements	<u>106,411</u>
Balance, December 31, 2014	\$ <u>4,004</u>

TRUST FUND

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF TRUST CASH - COLLECTOR-TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Assessment Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2013	\$ 24,092	\$ 2,534,995	\$ 95,078	\$ 23,653
Increased by Receipts:				
Animal Control Fees	\$ 14,718			
State License Fees	1,772			
Payroll Deposits		\$ 6,154,337		
Miscellaneous Reserves		709,226		
Assessment Receivable			\$ 18,473	
Interest on Assessments			4,027	
Reserve for Affordable Housing		288,307		
Developers Escrow		681,243		
Employee Unemployment Contributions				\$ 6,940
Reserve for Library Excess Funds		6,945		
	<u>16,490</u>	<u>7,840,058</u>	<u>22,500</u>	<u>6,940</u>
	40,582	10,375,053	117,578	30,593
Decreased by Disbursements:				
Miscellaneous Reserves		721,269		
Reserve for Affordable Housing		71,604		
Expenditures Under R.S. 4:19-15.11	1,347			
Payroll Deductions		6,149,701		
Due to State of NJ - Animal Control Fees	1,778			
Due to State of NJ - Unemployment				9,550
Reserve for Library Excess Funds	2,510	33,390		
Payments to Current Fund		112		
Escrow Deposits		624,751		
	<u>5,635</u>	<u>7,600,827</u>	<u>-</u>	<u>9,550</u>
Balance, December 31, 2014	\$ 34,947	\$ 2,774,226	\$ 117,578	\$ 21,043

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2013		\$ 21,572
Increased by:		
Animal Control Fees Collected		14,718
		36,290
Decreased by:		
Cash Disbursements	\$ 1,347	
Statutory Excess Due to Current Fund	12,204	
		13,551
Balance, December 31, 2014		\$ 22,739

Licenses Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 10,428
2012	12,311
	\$ 22,739

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2013	\$ 10
Increased by:	
2014 State Fees Collected	<u>1,772</u>
	1,782
Decreased by:	
Payments to State of New Jersey	<u>1,778</u>
Balance, December 31, 2014	<u>\$ 4</u>

EXHIBIT B-5

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2013	\$ 2,510
Increased by:	
Statutory Excess	<u>12,204</u>
	14,714
Decreased by:	
Payments to Current Fund	<u>2,510</u>
Balance, December 31, 2014	<u>\$ 12,204</u>

EXHIBIT B-6

**STATEMENT OF RESERVE FOR AFFORDABLE HOUSING
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 301,419
Increased by:	
Cash Receipts	<u>288,307</u>
	589,726
Decreased by:	
Cash Disbursements	<u>71,604</u>
Balance, December 31, 2014	<u>\$ 518,122</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF PAYROLL AND DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 35,911
Increased by:	
Payroll Deposits	<u>6,154,337</u>
	6,190,248
Decreased by:	
Payroll Deductions Remitted	<u>6,149,701</u>
Balance, December 31, 2014	<u>\$ 40,547</u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2013	<u>\$ 112</u>
Decreased by:	
Payments to Current Fund	<u>\$ 112</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2014</u>
Tax Sale Premiums	\$ 438,220	\$ 169,000	\$ 190,100	\$ 417,120
Tax Sale Certificate Redemptions		182,770	182,770	
Parking Offenses Adjudication Act	350	154		504
Off Duty Police Fees	27,341	254,059	230,344	51,056
Public Safety Trust Fund	37,270		6,262	31,008
Monuments	15,125			15,125
Municipal Alliance Program	1,661	383	1,794	250
Flexible Spending Account	2,812	21,870	16,909	7,773
Town Fair Celebration	2,691	34,062	29,641	7,112
Open Space Recreation Trust	1			1
Mayor's Wellness Program	5,641	45,928	31,172	20,397
Memorial Pond Donations	15,259		7,817	7,442
Beautification Pond	23,485	1,000	24,360	125
Municipal Court Deposits	1,232		100	1,132
Miscellaneous Reserves	9,474	-	-	9,474
	<u>\$ 580,562</u>	<u>\$ 709,226</u>	<u>\$ 721,269</u>	<u>\$ 568,519</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND**

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2014</u>
Escrow Bonds	\$ 729,450	\$ 122,094	\$ 333,055	\$ 518,489
Engineering / Legal Fees	126,442	53,952	63,023	117,371
Soil Deposits	306,922	173,718	115,364	365,276
Mt. Shadow Escrow Bond	32,283			32,283
Tree Escrow Fund	30,860	117,693	12,853	135,700
Accutrak - Engineering/Legal Fees	357,644	213,786	100,456	470,974
	<u>\$ 1,583,601</u>	<u>\$ 681,243</u>	<u>\$ 624,751</u>	<u>\$ 1,640,093</u>

EXHIBIT B-11

**STATEMENT OF RESERVE FOR LIBRARY EXCESS FUNDS
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 33,390
Increased by:	
Cash Receipt	<u>6,945</u>
	40,335
Decreased by:	
Anticipated as Current Fund Budgeted Revenue	<u>33,390</u>
Balance, December 31, 2014	<u>\$ 6,945</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT TRUST FUND**

Balance, December 31, 2013	\$ 4,074
Increased by:	
Unemployment Claims	<u>5,800</u>
	9,874
Decreased by:	
Payments to State of New Jersey	<u>9,550</u>
Balance, December 31, 2014	<u>\$ 324</u>

**STATEMENT OF RESERVE FOR EXPENDITURES
UNEMPLOYMENT TRUST FUND**

Balance, December 31, 2013	\$ 19,579
Increased by:	
Employee Contributions	<u>6,940</u>
	26,519
Decreased by:	
Unemployment Claims	<u>5,800</u>
Balance, December 31, 2014	<u>\$ 20,719</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF ASSESSMENT RECEIVABLE
ASSESSMENT TRUST FUND**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Due Dates</u>	<u>Balance December 31, 2013</u>	<u>Confirmed</u>	<u>Collected</u>	<u>Balance December 31, 2014</u>
33-10	Improvements to Wildwood Ave	2/3/2010	2/3/2011-2019	\$ 9,816	\$ -	\$ 3,663	\$ 6,153
1316/1346	Improvements to Ryerson Road	12/20/2011	12/20/12-2021	68,988	-	14,810	54,178
				<u>\$ 78,804</u>	<u>\$ -</u>	<u>\$ 18,473</u>	<u>\$ 60,331</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2013	\$	10,468
Increased by:		
Interest on Assessments		<u>4,027</u>
Balance, December 31, 2014	\$	<u>14,495</u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND**

Balance, December 31, 2013	\$	<u>163,414</u>
Balance, December 31, 2014	\$	<u>163,414</u>

GENERAL CAPITAL FUND

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF CASH - GENERAL CAPITAL FUND**

Balance, December 31, 2013		\$ 1,724,713
Increased by:		
Serial Bond Proceeds	\$ 5,055,000	
Grant Proceeds		
Grants Receivable	154,915	
Reserve for Payment of Debt	52,619	
Current Fund Budget Appropriation		
Capital Improvement Fund	<u>556,900</u>	
		<u>5,819,434</u>
		7,544,147
Decreased by:		
Improvement Authorizations	979,816	
Encumbrances Payable	345,623	
Bond Anticipation Notes	4,392,400	
Reserve for COAH - RCA Debt	114,895	
Current Fund Anticipated Revenue		
Reserve for Payment of Debt	<u>205,600</u>	
		<u>6,038,334</u>
Balance, December 31, 2014		<u>\$ 1,505,813</u>

**BOROUGH OF FRANKLIN LAKES
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2014</u>
Fund Balance		\$ 85,124
Capital Improvement Fund		81,161
Due from Assessment Trust Fund		(163,414)
Encumbrances Payable		98,876
Reserve for Payment of Debt		52,619
Reserve for COAH - Debt		507,925
 Improvement Authorizations:		
<u>Ord. No.</u>	<u>General Improvements</u>	
1174	Ambulance Building Renovations	186
1306	Acquisition of Haledon Reservoir	6,448
1355/1390	Ambulance Building Renovations	3,794
1369	Haledon Reservoir Phase II	-
1375	Emergency Radio System	8,128
1428	Ambulance Building Groundwater Study	15,933
1519	Various Capital Improvements	69,769
1534	Purchase of Various Items & Certain Capital Improvements	14,073
1542	Various Street Improvements	13,672
1548	Various Improvements	23,451
1549	2012 Road Improvements	36,740
1554	Repair/Replacement of Firehouse Roofs	35,855
1555	Various Capital Improvements	35,125
1567	Various Capital Improvements	26,472
1568	Summit Ave Improvements	(14,282)
1572	Various Capital Improvements	29,036
1588	Barrier Free Doors	217
1591	Road Imprv & Flnp Remed Study	83,086
1601	DPW Vehicles and Huron Road Improv	42,450
1603	Improvements Police Headqtrs	424,978
1610	Rec Sewers/Woodside Avenue	(4,002)
	 <u>Local Improvements</u>	
1225/1259	Improvement to Wildwood Ave	(12,967)
1316/1346	Improvements to Ryerson Road	5,360
		<u>\$ 1,505,813</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF GRANTS RECEIVABLE**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2013	2014 Grant <u>Award</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, 2014
Department of Transportation						
1568	Summit Avenue Improvements	\$ 54,716		\$ 4,915	\$ 49,801	
1601	Various Capital Improvements		\$ 149,000			\$ 149,000
1610	Various Capital Improvements		203,000			203,000
Bergen County Open Space Trust Fund						
1572	Various Capital Improvements	35,000			35,000	
1603	Private Donation - Police Headquarters	-	150,000	150,000	-	-
		<u>\$ 89,716</u>	<u>\$ 502,000</u>	<u>\$ 154,915</u>	<u>\$ 84,801</u>	<u>\$ 352,000</u>
<u>Analysis of Balance</u>						
	Pledged to Ordinance		\$ 100,000	\$ 100,000		
	Pledged to Reserve	<u>\$ 89,716</u>	<u>402,000</u>	<u>54,915</u>	<u>\$ 84,801</u>	<u>\$ 352,000</u>
		<u>\$ 89,716</u>	<u>\$ 402,000</u>	<u>\$ 54,915</u>	<u>\$ 84,801</u>	<u>\$ 352,000</u>

BOROUGH OF FRANKLIN LAKES
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013		\$ 9,446,000
Increased by:		
Serial Bonds Issued	\$5,055,000	
Refunding Bonds Issued	<u>1,150,000</u>	
		<u>6,205,000</u>
		15,651,000
Decreased by:		
Serial Bonds Paid by Budget Appropriation	880,000	
Serial Bonds Refunded	<u>1,131,000</u>	
		<u>2,011,000</u>
Balance, December 31, 2014		<u>\$ 13,640,000</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Analysis of Balance, December 31, 2014

Ord. No.	Improvement Description	Balance,	2014	Serial Bond	Grant	Notes	Balance,	Unexpended
		December 31, 2013	Authorizations	Proceeds	Proceeds	Paid by Budget Appropriation	December 31, 2014	Improvement Authorization
	General Improvements							
1335	Acquisition of Haledon Reservoir							
1369	Improvements to Haledon Reservoir							
1410	Road and Curb Improvement Program	\$ 809,684		\$ 784,210		\$ 25,474		
1419	Improvements to Haledon Reservoir							
1420	Improvements to Tommy John Field	22,122		14,743		7,379		
1421	Various Public Improvements	214,338		193,383		20,955		
1447	2009 Road and Curb Improvement	373,994		361,815		12,179		
1452	Various Capital Items	24,220		21,959		2,261		
1474	2010 Road & Curb Improvements	290,787		281,409		9,378		
1486	Acquisition of Back Hoe	72,356		69,539		2,817		
1499	Various Capital Improvements	59,659		52,074		7,585		
1519	Various Capital Improvements	642,000		623,118		18,882		
1542	Various Street Improvements	285,000		285,000				
1548	Various Improvements	380,000		380,000				
1554	Repair/Replacement of Firehouse Roofs	209,000		209,000				
1567	Various Capital Improvements	910,000		910,000				
1568	Summit Ave Improvements	54,716			\$ 4,915		\$ 49,801	\$ 35,519
1572	Various Capital Improvements	206,150		206,150				
1591	Street Improvements and Remediation Study		\$ 193,000	193,000				
1601	Various Capital Improvements		266,600	117,600			149,000	149,000
1603	Improvements to Police Headquarters		552,000	352,000	50,000		150,000	150,000
1610	Various Capital Improvements		384,080				384,080	380,078
	Local Improvements							
1225/1259	Improvements to Wildwood Ave	20,836					20,836	7,869
1316/1346	Improvements to Ryerson Road	9,250					9,250	9,250
		<u>\$ 4,584,112</u>	<u>\$ 1,395,680</u>	<u>\$ 5,055,000</u>	<u>\$ 54,915</u>	<u>\$ 106,910</u>	<u>\$ 762,967</u>	<u>\$ 31,251</u>
								<u>\$ 731,716</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013		\$ 413,638
Increased by:		
Charges to Improvement Authorizations		<u>98,876</u>
		512,514
Decreased by:		
Cancellations	\$ 68,015	
Cash Disbursements	<u>345,623</u>	
		<u>413,638</u>
Balance, December 31, 2014		<u>\$ 98,876</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013		\$ 56,881
Increased by:		
Budget Appropriation		<u>556,900</u>
		613,781
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>532,620</u>
Balance, December 31, 2014		<u>\$ 81,161</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2013	\$ 205,600
Increased by:	
Grant Proceeds of Funded Ordinance	<u>52,619</u>
	258,219
Decreased by:	
Realized as Current Fund Revenue	<u>205,600</u>
Balance, December 31, 2014	<u>\$ 52,619</u>

STATEMENT OF RESERVE FOR COAH - RCA DEBT

Balance, December 31, 2013	\$ 622,820
Decreased by:	
Payments to Current Fund	<u>114,895</u>
Balance, December 31, 2014	<u>\$ 507,925</u>

**BOROUGH OF FRANKLIN LAKES
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Serial Bonds Issued	Grant Proceeds	Funded by Assessment Collections	Balance, December 31, 2014 General Capital Fund	Assessment Trust Fund
	<u>General Improvements</u>							
1568	Summit Avenue Improvements	\$ 54,716	\$ 193,000	\$ 193,000	\$ 4,915		\$ 49,801	
1591	Street Improvements and Remediation Study		266,600	117,600			149,000	
1601	Various Capital Improvements		552,000	352,000	50,000		150,000	
1603	Improvements to Police Headquarters		384,080				384,080	
1610	Various Capital Improvements							
	<u>Local Improvement</u>							
1225/1259	Improvement to Wildwood Avenue	\$ 30,652	-	-	-	\$ 3,663	20,836	\$ 6,153
1316/1346	Improvement to Ryetson Road	78,238	-	-	-	14,810	9,250	54,178
		<u>\$ 163,606</u>	<u>\$ 1,395,680</u>	<u>\$ 662,600</u>	<u>\$ 54,915</u>	<u>\$ 18,473</u>	<u>\$ 762,967</u>	<u>\$ 60,331</u>

BOROUGH OF FRANKLIN LAKES

PART II

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCII, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCII, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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 INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Franklin Lakes
Franklin Lakes, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Franklin Lakes as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Franklin Lakes' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Borough of Franklin Lakes' internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Franklin Lakes' internal control.

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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

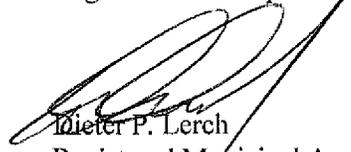
As part of obtaining reasonable assurance about whether the Borough of Franklin Lakes' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Franklin Lakes in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Franklin Lakes' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Franklin Lakes' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
June 19, 2015

**BOROUGH OF FRANKLIN LAKES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal CFDA Number	State Project Number	Grant Award Amount	2014 Receipts	Balance, January 1, 2014	Revenue Realized	Expended	Adjustment	Balance, December 31, 2014	(MEMO) Cumulative Expenditures
U.S. Department of Transportation Passed Thru State Dept. of Law and Public Safety Highway Planning and Construction Summit Ave. Improvements (Ord. 1568)	20.205	078-6320-480-ALL	\$ 150,000	\$ 54,716	-	\$ 4,915	(49,801)	-	\$ 100,199
			\$ 4,915	\$ 54,716	-	\$ 4,915	\$ (49,801)	-	-

This schedule was not subject to audit in accordance with U.S. OMB A-133.

**BOROUGH OF FRANKLIN LAKES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

State Grant Program	Account Number	Year	Grant Award	2014 Receipts	Balance, January 1, 2014	Revenue Realized	Expended	Adjustment	Balance, December 31, 2014	(MEMO) Cumulative Expenditures
Department of Environmental Protection Recycling Tonnage Grant	042-752-6020	2012	21,672		\$ 2,705		\$ 2,705		\$ 5,688	\$ 21,672
		2013	10,361		10,361		4,673			4,673
		2014	14,403			\$ 14,403				14,403
Clean Communities Grant	N/A	2013	25,755	\$ 24,158	5,025		5,025		19,548	25,755
		2014	46,414			46,414	26,866			26,866
Clean Energy Program	N/A	2010	4,407		4,407				4,407	
Green Communities	N/A	2012	1,500	1,500	1,500		1,500			1,500
Department of Law and Public Safety Body Armor Replacement Program	066-718-6120	2011	2,204							2,204
		2012	2,339							2,339
Drunk Driving Enforcement Fund	N/A	2008	6,979							6,979
		2011	4,900		3,836		2,185		1,651	3,249
		2012	2,163		2,163				2,163	
		2013	1,893		1,893				1,893	
2014	3,201		3,201		3,201			3,201		
Over the Limit, Under Arrest	N/A	2010	11,000							11,000
Municipal Alcohol Education and Rehabilitation	N/A	2011	324		324				324	
		2012	10,356							10,356
Department of Human Services - Passed Thru County of Bergen Municipal Alliance	N/A	2013	9,876		6,162		6,162			9,876
		2014	10,996			10,996	8,179		2,817	8,179
Municipal Alliance	N/A									
					<u>\$ 38,376</u>	<u>\$ 75,014</u>	<u>\$ 57,295</u>	<u>\$ -</u>	<u>\$ 56,095</u>	

This schedule is not subject to audit in accordance with NJ OMB 15-08.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF FRANKLIN LAKES
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Franklin Lakes. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ -	\$ 75,014	\$ 75,014
Total	<u>\$ -</u>	<u>\$ 75,014</u>	<u>\$ 75,014</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF FRANKLIN LAKES
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? yes X none

Noncompliance material to the financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

BOROUGH OF FRANKLIN LAKES

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 750,000	1.06 %	\$ 750,000	1.07 %
Miscellaneous - From Other Than Local				
Property Tax Levies	4,559,754	6.43	4,662,848	6.64
Collection of Delinquent Taxes and Tax Title Liens	578,522	0.81	686,463	0.98
Collection of Current Tax Levy	64,477,503	90.89	63,246,864	90.08
Other Credits	<u>576,008</u>	<u>0.81</u>	<u>866,224</u>	<u>1.23</u>
Total Income	<u>70,941,787</u>	<u>100.00</u> %	<u>70,212,399</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,738,614	22.64 %	15,650,434	22.76 %
County Taxes	10,011,675	14.40	10,002,256	14.55
Local District School Taxes	25,201,908	36.26	24,911,082	36.24
Regional School Taxes	18,237,500	26.24	17,782,675	25.87
Other Expenditures	<u>322,134</u>	<u>0.46</u>	<u>401,714</u>	<u>0.58</u>
Total Expenditures	<u>69,511,831</u>	<u>100.00</u> %	<u>68,748,161</u>	<u>100.00</u> %
Less: Expenditures to be Raised by Future Revenue	<u>-</u>		<u>-</u>	
Total Adjusted Expenditures	<u>69,511,831</u>		<u>68,748,161</u>	
Excess in Revenue	1,429,956		1,464,238	
Fund Balance, January 1	<u>2,365,544</u>		<u>1,651,306</u>	
	3,795,500		3,115,544	
Less Utilization as Anticipated Revenue	<u>750,000</u>		<u>750,000</u>	
Fund Balance, December 31	<u>\$ 3,045,500</u>		<u>\$ 2,365,544</u>	

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$1.572</u>	<u>\$1.557</u>	<u>\$1.533</u>
<u>Apportionment of Tax Rate</u>			
Municipal	.238	.234	.228
County	.240	.241	.237
County Open Space	.003	.003	.003
Local School	.613	.610	.602
Regional High School	.444	.434	.427
Library	.034	.035	.036

Assessed Valuation

2014	<u>\$4,111,178,500</u>
2013	<u>\$4,090,102,000</u>
2012	<u>\$4,089,308,663</u>

Comparison of Tax Levies and Collection

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 65,030,276	\$ 64,477,503	99.14%
2013	63,945,920	63,246,864	98.90%
2012	62,827,114	62,061,838	98.78%

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$9,665	\$454,670	\$464,335	0.71%
2013	8,827	579,667	588,494	0.92
2012	7,909	694,256	702,165	1.12

Comparative Schedule of Fund Balances

<u>Current Fund</u>	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
	2014	\$3,045,500	\$ 875,000
	2013	2,365,544	750,000
	2012	1,651,306	750,000
	2011	2,458,398	1,265,000
	2010	2,300,687	1,025,000

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Frank Bivona	Mayor		
Paulette Ramsey	Council President		
Joseph Cadicina	Councilman		
Charles Kahwaty	Councilman		
Joseph F. Kelly	Councilman		
Thomas Lambrich	Councilman		
Ann Swist	Councilwoman		
Gregory Hart	Business Administrator		(1)
Sally T. Bleeker	Borough Clerk		(1)
William G. Pike	Chief Financial Officer		(1)
William T. Smith	Borough Attorney		
Wolff Samson P.C.	Bond Counsel		
Meena Sivakumar	Tax Collector (5/20/2014-12/31/2014)		
Edmund Brown	Tax Assessor (7/1/2014-12/31/2014)		
Elaine Erlewein	Tax Collector (1/1/2014-5/19/2014)		
Jason Cohen	Tax Assessor (1/1/2014-6/30/2014)		
Boswell McClave Engineering	Borough Engineer		
Francis J. Leddy, Jr.	Municipal Court Judge		(1)
Beverly Pyskaty	Court Administrator		(1)
Judy Lubrano	Deputy Court Administrator		(1)
Raymond Dressler	Construction Code Official/Zoning Officer (1/1/2014-6/30/2014)		(1)
John Wittekind	Construction Code Official/Zoning Officer (7/1/2014-12/31/2014)		

(1) Municipal Excess Liability Joint Insurance Fund Blanket Bond \$1,000,000

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

GENERAL COMMENTS

Current Year Findings

Our audit indicated that the values reported on the detail capital asset report pertaining to Borough owned land and buildings were not in agreement with amounts reflected in the audited financial statements. It is recommended that the Borough's capital asset report be reviewed and revised to ensure amounts reported agree with the audited financial statements.

Our audit indicated that monies collected by the Recreation Department were not always turned over to the Treasurer within 48 hours of receipt. It is recommended that Recreation Department collections be turned over to the Treasurer within 48 hours of receipt.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 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 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 \$17,500, except by contract or agreement."

During 2014, the Governing Body approved a resolution authorizing the bid threshold of \$36,000 for the period of January 1, 2014 through December 31, 2014 as the Borough Administrator is a qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following:

Construction of an Accessible Trail- Nature Preserve	Road Improvement Program Resurfacing of Various Streets
Road Improvements – Huron Road	Acquisition of Used Cap & Chassis – DPW

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No such violations were detected.

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 1, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“BE IT RESOLVED, by the Mayor and Council of the Borough of Franklin Lakes, New Jersey, County of Bergen, that the rate of interest on all taxes delinquent taxes is set at eight (8) percent for the first (\$1,500) fifteen hundred dollars, and

“BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same is payable, and

“BE IT RESOLVED, that in any case where the tax is not paid within those extended days the full penalty from this date due attached.

It appears from our examination of the Collector’s record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 30, 2014.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2013	5
2012	3
2011	3

**BOROUGH OF FRANKLIN LAKES
SUPPORTING DATA**

RECOMMENDATIONS

It is recommended that:

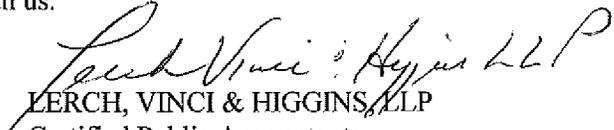
1. The Borough's capital asset report be reviewed and revised to ensure amounts reported agree with the audited financial statements.
2. Recreation Department collections be turned over to the Treasurer within 48 hours of receipt.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year recommendations. Corrective action was taken on all prior year recommendations.

The recommendations 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 and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398