

Borough of Franklin, N.J.

**Schedule of Amount Due To State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	16,196.72
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>48,250.00</u> 64,446.72
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		8,250.00
Veterans' Deductions Per Tax Billing		39,750.00
Senior Citizens' and Veterans' Allowed By Tax Collector		<u>1,750.00</u> 49,750.00
Less:		
Deductions Disallowed - Current Year		3,000.00
Deductions Disallowed - Prior Years		<u>1,250.00</u> 4,250.00
	A-6	<u>45,500.00</u>
Balance - December 31, 2015	A	<u><u>18,946.72</u></u>

Borough of Franklin, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance Dec. 31, 2014	Increased	Decreased	Due From/(To) Balance Dec. 31, 2015
Federal and State Grants	A	<u>(88,538.11)</u>	<u>41,645.59</u>	<u>33,100.15</u>	<u>(97,083.55)</u>
<u>Analysis</u>		<u>(88,538.11)</u>			<u>(97,083.55)</u>
Due From Current Fund					
Received	A-4		<u>41,645.59</u>		
Disbursed	A-4			<u>33,100.15</u>	
			<u>41,645.59</u>	<u>33,100.15</u>	

Borough of Franklin, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	15,964.90	15,964.90	12,234.41	3,730.49
Financial Administration	495.71	495.71		495.71
Assessment of Taxes	2,219.89	2,219.89	88.40	2,131.49
Collection of Taxes	157.03	157.03		157.03
Planning Board	7,548.15	7,548.15	268.75	7,279.40
Police	132,672.44	132,672.44	31,371.00	101,301.44
Crossing Guard	432.23	432.23		432.23
Municipal Court	8,646.08	8,646.08	202.95	8,443.13
Road Repairs and Maintenance	42,460.15	42,460.15	15,025.27	27,434.88
Board of Health	150.00	150.00		150.00
Recreation and Education	1,500.00	1,500.00		1,500.00
Pending Salary and Wage Adjustment	10,000.00	10,000.00		10,000.00
Zoning Official	5,878.86	5,878.86	1,217.19	4,661.67
Total Salaries and Wages Within "CAPS"	228,125.44	228,125.44	60,407.97	167,717.47
Other Expenses Within "CAPS":				
Administrative and Executive	35,436.79	35,436.79	5,810.92	29,625.87
Elections	494.88	494.88		494.88
Financial Administration	3,410.73	3,410.73	960.21	2,450.52
Audit Services	10,510.00	10,510.00	10,490.00	20.00
Assessment of Taxes	830.47	830.47	346.39	484.08
Collection of Taxes	2,560.35	2,560.35		2,560.35
Legal Services and Costs	19,591.56	19,591.56	7,388.07	12,203.49
Engineering Services and Costs	9,280.48	9,280.48	6,037.50	3,242.98
Planning Board	12,446.14	12,446.14	598.00	11,848.14
Zoning Board	9,193.51	9,193.51	1,087.50	8,106.01
Police	31,801.58	31,801.58	12,466.83	19,334.75
Crossing Guard	600.00	600.00	480.00	120.00
Office of Emergency Management	750.00	750.00		750.00
Aid to Volunteer Fire Companies	7,767.54	7,767.54	1,860.68	5,906.86
First Aid Org. Contribution	2,236.38	2,236.38	2,231.46	4.92
Municipal Court	2,006.47	2,006.47	126.12	1,880.35
Prosecutor	1,072.61	1,072.61		1,072.61
Public Defender	1,000.00	1,000.00		1,000.00
Public Buildings and Grounds	25,270.13	25,270.13	9,264.96	16,005.17
Road Repairs and Maintenance	32,801.83	32,801.83	26,655.78	6,146.05
Board of Health	551.00	551.00		551.00
H.B.V. Vaccination	1,204.00	1,204.00	40.00	1,164.00
Contribution to Senior Citizen Center	221.34	221.34		221.34
Recreation and Education	137.55	137.55	137.55	
Street Lighting	6,757.81	6,757.81	3,834.40	2,923.41
Telephone	3,027.47	3,027.47	889.27	2,138.20
Gasoline and Oil	20,268.60	20,268.60	2,586.49	17,682.11
Group Insurance Plan	57,311.68	57,311.68		57,311.68
Other Insurance Premiums	3,917.80	3,917.80		3,917.80
Workers Compensation	1,591.85	1,591.85		1,591.85
Unemployment Compensation Insurance	843.74	843.74	186.56	657.18
Health Benefit Waiver	250.00	250.00		250.00
Zoning Official	983.50	983.50		983.50
Fixed Assets Accounting System	100.00	100.00		100.00
Postage	145.52	145.52		145.52
Building Demolition	43,250.50	43,250.50	42,340.77	909.73
Total Other Expenses Within "CAPS"	349,623.81	349,623.81	135,819.46	213,804.35
Total Operations Within "CAPS"	577,749.25	577,749.25	196,227.43	381,521.82

Borough of Franklin, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Public Employeys' Retirement System	6,018.00	6,018.00	823.72	5,194.28
Social Security (O.A.S.I.)	22,918.56	22,918.56	3,501.59	19,416.97
Police and Firemans Retirement System	16,852.00	16,852.00	402.98	16,449.02
Defined Contribution Retirement Program	309.60	309.60	138.54	171.06
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>46,098.16</u>	<u>46,098.16</u>	<u>4,866.83</u>	<u>41,231.33</u>
Total General Appropriations within "CAPS"	<u>623,847.41</u>	<u>623,847.41</u>	<u>201,094.26</u>	<u>422,753.15</u>
Operations Excluded from CAPS				
Interlocal Municipal Service Agreements				
Township of Sparta				
Other Expenses - Fire	0.24	0.24		0.24
Other Expenses - Police	0.72	0.72		0.72
Other Expenses EMS	0.04	0.04		0.04
Township of Hardyston				
Construction Office	61,100.00	61,100.00		61,100.00
Joint Community Center	508.00	508.00		508.00
Total Operations Excluded From "CAPS"	<u>61,609.00</u>	<u>61,609.00</u>		<u>61,609.00</u>
Detail:				
Other Expenses	<u>61,609.00</u>	<u>61,609.00</u>		<u>61,609.00</u>
Capital Improvements				
Reserve For:				
Enforsys in Franklin Fire Dep	4,000.00	4,000.00		4,000.00
Improvement to Municipal Property	800.00	800.00	800.00	
Purchase of Office Equipment	949.00	949.00	949.00	
Purchase of Police Equipment	1,019.15	1,019.15	1,019.15	
Improvements to Streets and Roads	1,200.00	1,200.00	1,200.00	
Total Capital Improvements Excluded from "CAPS"	<u>7,968.15</u>	<u>7,968.15</u>	<u>3,968.15</u>	<u>4,000.00</u>
Total General Appropriations Excluded from "CAPS"	<u>69,577.15</u>	<u>69,577.15</u>	<u>3,968.15</u>	<u>65,609.00</u>
Total Reserves	<u>693,424.56</u>	<u>693,424.56</u>	<u>205,062.41</u>	<u>488,362.15</u>
			A-4	A-1
Unencumbered	A 642,521.54			
Encumbered	A 50,903.02			
	<u>693,424.56</u>			

Borough of Franklin, N.J.

Schedule of Deferred Charges

N.J.S.A. 40A:4-55 Special Emergency

Current Fund

Year Ended December 31, 2015

<u>Purpose</u>	<u>Date</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>	<u>Reduced in 2015</u>	<u>Balance, Dec. 31, 2015</u>
Revision of Master Plan and Codification	09/28/10	20,000.00	4,000.00	4,000.00	4,000.00	15,000.00
Revaluation of Taxes	07/09/13	25,000.00	5,000.00	20,000.00	5,000.00	15,000.00
				<u>24,000.00</u>	<u>9,000.00</u>	<u>15,000.00</u>
				A	A-3	A

Borough of Franklin, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Due State of NJ Marriage License Fees	800.00	800.00	800.00	750.00
Tax Overpayments		6,802.89	6,052.89	
<u>Reserves for:</u>				
Revision of Master Plan	28,979.82		11,650.20	17,329.62
Sale of Municipal Assets	545.60			545.60
Revision of Tax Maps	1,375.00			1,375.00
Tax Appeals	243,000.00	10,000.00	124,638.23	128,361.77
	<u>273,900.42</u>	<u>17,602.89</u>	<u>143,141.32</u>	<u>148,361.99</u>
	A			A
Budget Appropriations		10,000.00		
Cash Receipts		7,602.89		
Cash Disbursements			138,557.00	
Encumbrances			4,584.32	
		<u>17,602.89</u>	<u>143,141.32</u>	
<u>Ref.</u>				
A-3		10,000.00		
A-4		7,602.89		
A-4			138,557.00	
A-15			4,584.32	

Borough of Franklin, N.J.

Schedule of Encumbrances Payable - Various Reserves

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	4,796.92
Increased by:		
Various Reserves	A-14	<u>4,584.32</u>
		9,381.24
Decreased by:		
Cash Disbursed	A-4	<u>4,796.92</u>
Balance - December 31, 2015	A	<u><u>4,584.32</u></u>

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Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	53,040.20
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>96,130.03</u>
		149,170.23
Decreased by:		
Applied to 2015 Taxes	A-6	<u>53,040.20</u>
Balance - December 31, 2015	A	<u><u>96,130.03</u></u>

Borough of Franklin, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A		5,720.45
Increased by:			
Levy- 2015	A-1;A-6	2,158,447.45	
Added and Omitted Taxes	A-1;A-6	<u>18,807.25</u>	
			<u>2,177,254.70</u>
			2,182,975.15
Decreased by:			
Payments	A-4		<u>2,164,167.90</u>
Balance - December 31, 2015	A		<u><u>18,807.25</u></u>

Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Increased by:			
Levy - 2015	A-1;A-6		<u><u>4,900,435.00</u></u>
Decreased by:			
Payments	A-4		<u><u>4,900,435.00</u></u>

Borough of Franklin, N.J.
Schedule of Regional High School Taxes Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy- 2015	A-6;A-1	<u>2,189,214.00</u>
Decreased by:		
Payments	A-4	<u>2,189,214.00</u>

Borough of Franklin, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u> <u>Balance</u>			<u>Due From/(To)</u> <u>Balance</u>
		<u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2015</u>
Current Fund	A	<u>88,538.11</u>	<u>41,645.59</u>	<u>33,100.15</u>	<u>97,083.55</u>
Encumbrances Payable	A-21			3,791.62	
Grants Receivable	A-22		10,000.00		
Appropriated Grants	A-23			29,308.53	
Unappropriated Grants	A-24		<u>31,645.59</u>		
			<u>41,645.59</u>	<u>33,100.15</u>	

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Schedule of Encumbrances Payable

Federal and State Grant Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	3,791.62
Increased by:		
Appropriated Reserves for Grants	A-23	<u>3,426.06</u>
		7,217.68
Decreased by:		
Interfund - Current Fund	A-20	<u>3,791.62</u>
Balance - December 31, 2015	A	<u>3,426.06</u>

Borough of Franklin, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Budget Revenue</u>	<u>Receipts</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Balance Dec. 31, 2015</u>
<u>Federal:</u>	765.00		765.00	
Federal Body Armor Grant				
<u>State:</u>				
Recycling Tonnage Grant	10,892.36		10,892.36	
Clean Communities Program	10,021.68		10,021.68	
Alcohol Education and Rehabilitation Fund	1,831.48		1,831.48	
Drunk Driving Enforcement Fund	4,287.55		4,287.55	
State Body Armor Grant	1,512.22		1,512.22	
Drive Sober or Get Pulled Over	10,000.00	5,000.00		5,000.00
Distracted Driver Grant	5,000.00	5,000.00		5,000.00
	<u>43,545.29</u>	<u>10,000.00</u>	<u>28,545.29</u>	<u>5,000.00</u>
	<u>44,310.29</u>	<u>10,000.00</u>	<u>29,310.29</u>	<u>5,000.00</u>
A-2		A-20	A-24	A

Borough of Franklin, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance	Transfer	Ch. 159	Disbursed	Balance
	<u>Dec. 31, 2014</u>	From 2015 <u>Budget</u>			<u>Dec. 31, 2015</u>
<u>Federal:</u>					
Federal Body Armor Grant		765.00		765.00	
<u>State:</u>					
Drunk Driving Enforcement	6,254.05	4,287.55		3,096.07	7,445.53
Clean Communities Program	7,748.91	10,021.68		5,044.10	12,726.49
Alcohol Education and Rehabilitation	2,838.68	1,831.48		1,950.29	2,719.87
Recycling Tonnage Grant	37,684.50	10,892.36		9,934.08	38,642.78
Body Armor Grant	856.77	1,512.22		291.76	2,077.23
Drive Sober or Get Pulled Over			10,000.00	6,600.00	3,400.00
Small Cities	53.29			53.29	
Distracted Driver Grant	55,436.20	28,545.29		5,000.00	
			15,000.00	31,969.59	67,011.90
	55,436.20	29,310.29	15,000.00	32,734.59	67,011.90
	A	A-3	A-3		A
	<u>Ref.</u>				
Interfund - Current Fund	A-20			29,308.53	
Encumbrances Payable	A-21			3,426.06	
				<u>32,734.59</u>	

Borough of Franklin, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance	Transfer To	Received	Balance
	<u>Dec. 31, 2014</u>	Appropriated <u>Reserves</u>		<u>Dec. 31, 2015</u>
<u>Federal:</u>				
Federal Body Armor	<u>765.00</u>	<u>765.00</u>		
<u>State:</u>				
Clean Communities Program	10,021.68	10,021.68	12,073.46	12,073.46
State Recycling Grant	10,892.36	10,892.36	12,117.89	12,117.89
Drunk Driving Enforcement	4,287.55	4,287.55	4,563.19	4,563.19
Body Armor Grant	1,512.22	1,512.22	1,594.52	1,594.52
Alcohol Education and Rehabilitation Fund	1,831.48	1,831.48	1,296.53	1,296.53
	<u>28,545.29</u>	<u>28,545.29</u>	<u>31,645.59</u>	<u>31,645.59</u>
	<u>29,310.29</u>	<u>29,310.29</u>	<u>31,645.59</u>	<u>31,645.59</u>
	A	A-22	A-20	A

Borough of Franklin, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2014	B	<u>1,740.02</u>	<u>1,425,832.03</u>
Increase by Receipts:			
Animal Control Official	B-2	8,791.20	
Due to State Board of Health	B-3	961.80	
Other Trust Funds	B-5		834,750.99
Net Payroll & Payroll Deductions	B-6		<u>3,439,577.51</u>
Total Receipts		<u>9,753.00</u>	<u>4,274,328.50</u>
		<u>11,493.02</u>	<u>5,700,160.53</u>
Decreased by Disbursements:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	10,520.42	
Due to State Board of Health	B-3	957.60	
Reserve from Encumbrances	B-4		46,878.30
Other Trust Funds	B-5		789,857.95
Net Payroll & Payroll Deductions	B-6		<u>3,439,650.32</u>
Total Disbursements		<u>11,478.02</u>	<u>4,276,386.57</u>
Balance - December 31, 2015	B	<u><u>15.00</u></u>	<u><u>1,423,773.96</u></u>

Borough of Franklin, N.J.

Reserve for Animal Control Trust Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	1,740.02
Increased by:		
Dog License Fees		6,199.20
Cat License Fees		569.00
Late Fees / Pick-up's/Rabies Clinic		<u>2,023.00</u>
	B-1	8,791.20
		<u>10,531.22</u>
Decreased by:		
Disbursements	B-1	<u>10,520.42</u>
Balance - December 31, 2015	B	<u><u>10.80</u></u>

License Fees Collected

<u>Year</u>	
2014	6,709.20
2013	<u>6,838.40</u>
	<u><u>13,547.60</u></u>

Schedule of Due to State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	<u>961.80</u>
Decreased by:		
Paid to State	B-1	957.60
Encumbrance	B-4	<u>4.20</u>
		<u>961.80</u>

Borough of Franklin, N.J.
Schedule of Reserve for Encumbrances
Other Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		46,878.30
Increased by:			
Due to State - Animal Control	B-3	4.20	
Various Reserves	B-5	<u>54,743.94</u>	
			<u>54,748.14</u>
			101,626.44
Decreased by:			
Cash Disbursements	B-1		<u>46,878.30</u>
Balance - December 31, 2015			<u><u>54,748.14</u></u>

Analysis of Balance			
Animal Control	B		4.20
Other Trust	B		<u>54,743.94</u>
			<u><u>54,748.14</u></u>

Borough of Franklin, N.J.

Schedule of Various Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>		Increased	Decreased	Balance <u>Dec. 31, 2015</u>	
Reserve for Land Use Escrow Deposits	152,693.91		75,925.94	73,409.43	155,210.42	
Reserve for Performance Bonds Escrow	81,958.20		4,694.39	65,185.02	21,467.57	
Reserve for Recreation	137,212.20		47,637.57	45,508.60	139,341.17	
Reserve for Senior Citizens	642.34			224.96	417.38	
Reserve for Small Cities	277,830.72		22,645.00		300,475.72	
Reserve for Road Opening	13,500.00				13,500.00	
Reserve for Driveway Escrow	10,611.26				10,611.26	
Reserve for Court POAA	341.82		70.00	360.00	51.82	
Reserve for Public Defender	4,398.87		8,649.00	6,750.00	6,297.87	
Reserve for BPW Escrow	61,883.98		5,000.00	735.00	66,148.98	
Reserve for Outside Police Work	480.18		34,390.10	34,140.90	729.38	
Reserve for Outside Liens	7,284.12		450,474.18	453,239.37	4,518.93	
Reserve for Accumulated Leave	39,235.42		28,643.62		67,879.04	
Reserve for Tax Sale Premium	271,600.00		121,213.47	147,713.47	245,100.00	
Reserve for Snow Related Costs	106,460.56		9,884.90	15,335.14	101,010.32	
Reserve for Affordable Housing	208,311.75		25,522.82	2,000.00	231,834.57	
Reserve for Uniform Fire Safety Penalty	1,367.38				1,367.38	
	<u>1,375,812.71</u>		<u>834,750.99</u>	<u>844,601.89</u>	<u>1,365,961.81</u>	
	<u>B</u>				<u>B</u>	

Ref.

Reserve for Encumbrances
Cash Receipts
Cash Disbursements

B-4	54,743.94
B-1	834,750.99
B-1	789,857.95
	<u>834,750.99</u>
	<u>844,601.89</u>

Borough of Franklin, N.J.

Schedule of Net Payroll and Payroll Deductions

Trust Fund

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance <u>Dec. 31, 2015</u>
Federal Withholding Tax	123.00	358,977.99	358,977.99	123.00
Social Security / Medicare	32.33	408,906.12	408,906.12	32.33
NJ State Withholding		99,197.64	99,197.64	
State Unemployment Insurance	1,250.78	15,731.96	15,803.52	1,179.22
AFLAC		2,577.12	2,577.12	
Public Employees Retirement System	161.72	212,965.68	212,920.86	206.54
PERS Contributory Insurance	7.87	4,758.98	4,793.93	(27.08)
Police and Fire Retirement System	1,565.32	425,803.89	425,815.01	1,554.20
DCRP		2,189.46	2,189.46	
Savings		9,336.00	9,336.00	
Lincoln Life		22,970.12	22,970.12	
Interest		82.01	82.01	
Dues		11,025.00	11,025.00	
Medical		123,109.03	123,109.03	
Net Payroll		1,741,946.51	1,741,946.51	
	<u>3,141.02</u>	<u>3,439,577.51</u>	<u>3,439,650.32</u>	<u>3,068.21</u>
	B	B-1	B-1	B

Borough of Franklin, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		1,876,631.45
Increased by Receipts:			
Fund Balance	C-1	0.52	
Deferred Charges to Future Taxation - Unfunded	C-4	9,308.48	
Grants Receivable	C-5	137,250.00	
Bond Anticipation Notes Issued	C-6	227,300.00	
Capital Improvement Fund	C-8	45,000.00	
Interfund - Current Fund	C-10	127.64	
Various Reserves	C-11	<u>33,102.67</u>	
			<u>452,089.31</u>
			<u>2,328,720.76</u>
Decreased by Disbursements:			
Improvement Authorizations	C-7	836,620.94	
Interfund - Current Fund	C-10	<u>127.64</u>	
			<u>836,748.58</u>
Balance - December 31, 2015	C		<u><u>1,491,972.18</u></u>

Borough of Franklin, N.J.
 Schedule of General Capital Cash
 General Capital Fund
 Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts		Disbursements			Transfers		Balance Dec. 31, 2015
		Budget Appropriation	Bond Antic. Notes	Miscellaneous	Improvement Authorization	Miscellaneous	From	To	
Fund Balance	14,547.06								14,547.58
Capital Improvement Fund	147,311.20	45,000.00		0.52		(14,540.00)			177,771.20
Reserve for Encumbrances	19,820.04						390,098.90		409,918.94
Grants Receivable	(183,000.00)			137,250.00		(140,000.00)			(183,750.00)
Interfund - Current Fund				127.64					
Various Reserves	115,427.23	33,102.67				(17,700.00)		520.53	131,350.43
Improvement Authorizations									
Ordinance									
Number									
16-03 Imp. To Recreation Facility	8,152.72								8,152.72
15-04 Improvement to Recreation	36,152.41								36,152.41
19-09 Various Capital Improvements	8,652.40				4,206.54		(1,103.21)		3,342.65
17-10 Various Capital Improvements	4,791.28								4,791.28
18-10 Imp. For Economic Development	2,970.60								2,970.60
06-11 Improvements To Master Street	(9,308.48)	9,308.48							
10-13 Purchase of Computer Upgraded	2,340.00				2,053.05				286.95
11-13 Improvement to Various Roads	49,107.72				9,121.36				39,986.36
12-13 Improvement to the Fire House	16,651.72				16,651.72				
08-14 Various Capital Improvements	1,642,495.02				703,764.37		(316,913.69)		621,816.96
09-14 Air Conditioning Unit	520.53						(520.53)		
01-15 Updating of the Police Station Security					8,700.00			8,700.00	
05-15 New Computer Server			227,300.00		10,340.00			11,540.00	1,200.00
07-15 Various Capital Improvements		87,411.15	227,300.00	137,378.16	81,783.90		(72,082.00)	152,000.00	225,434.10
	<u>1,876,631.45</u>	<u>87,411.15</u>	<u>227,300.00</u>	<u>137,378.16</u>	<u>836,620.94</u>		<u>(562,859.43)</u>	<u>562,859.43</u>	<u>1,491,972.18</u>

C

C

Borough of Franklin, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Analysis of Balance -
Dec. 31, 2015

Ordinance Number	Improvement Description	Balance Dec. 31, 2014		2015 Authorizations		Notes Paid by Budget Appropriation		Funded by Budget		Balance Dec. 31, 2015		Financed by Bond Anticipation Notes		Unexpended Improvement Authorization	
12-06	Various Capital Improvements	212,735.00				105,600.00				107,135.00		107,135.00			
19-09	Various Capital Improvements	135,000.00				22,500.00				112,500.00		112,500.00			
06-11	Improvements To Master Street	9,308.48			9,308.48										
11-13	Improvement to Various Roads	218,250.00				24,250.00				194,000.00		194,000.00			
12-13	Improvement to the Fire House	17,100.00				1,900.00				15,200.00		15,200.00			
08-14	Various Capital Improvements	1,536,000.00				153,600.00				1,382,400.00		1,382,400.00			
07-15	Various Capital Improvements			227,300.00						227,300.00		227,300.00			
		<u>2,128,393.48</u>		<u>227,300.00</u>		<u>307,850.00</u>		<u>9,308.48</u>		<u>2,038,535.00</u>		<u>2,038,535.00</u>			
		C		C-7;C-12		C-6		C-2;C-12		C		C-6			

Ref.	Improvement Authorizations - Unfunded	Unexpended Proceeds of Bond Anticipation Notes Issued:	Unexpended Improvement Authorization
C-7		Ord. # 19-09	3,342.65
		Ord. # 11-13	39,986.36
		Ord. # 08-14	621,816.96
		Ord. # 07-15	225,434.10
			<u>890,580.07</u>

Borough of Franklin, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> C	183,000.00
Increased by:		
Grants Funding Improvement Authorizations	C-7	<u>140,000.00</u>
		323,000.00
Decreased by:		
Cash Receipts	C-2	<u>137,250.00</u>
Balance - December 31, 2015	C	<u><u>185,750.00</u></u>

ANALYSIS

High Street (Ord. # 08-14)	45,750.00
Main Street (Ord. # 07-15)	<u>140,000.00</u>
	<u><u>185,750.00</u></u>

Borough of Franklin, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
12-06	Various Capital Improvements	628,750.00	08/30/07	08/22/14 08/20/15	08/21/15 08/19/16	1.000% 0.740%	212,735.00	107,135.00	212,735.00	107,135.00
19-09	Various Capital Improvements	225,000.00	04/29/10	08/22/14 08/20/15	08/21/15 08/19/16	1.000% 0.740%	135,000.00	112,500.00	135,000.00	112,500.00
11-13	Improvements to Various Roads	242,500.00	10/25/13	08/22/14 08/20/15	08/21/15 08/19/16	1.000% 0.740%	218,250.00	194,000.00	218,250.00	194,000.00
12-13	Improvement to the Fire House	19,000.00	10/25/13	08/22/14 08/20/15	08/21/15 08/19/16	1.000% 0.740%	17,100.00	15,200.00	17,100.00	15,200.00
08-14	Various Improvements	1,536,000.00	08/21/14	08/22/14 08/20/15	08/21/15 08/19/16	1.000% 0.740%	1,536,000.00	1,382,400.00	1,536,000.00	1,382,400.00
07-15	Various Improvements	227,300.00	08/20/15	08/20/15	08/19/16	0.740%		227,300.00		227,300.00
							<u>2,119,085.00</u>	<u>2,038,535.00</u>	<u>2,119,085.00</u>	<u>2,038,535.00</u>
							C	C	C	C

Ref.

Renewals

1,811,235.00

227,300.00

1,811,235.00

Issued for Cash

C-2; C-12

307,850.00

307,850.00

Paid by Budget Appropriation

C-4

2,038,535.00

2,119,085.00

Borough of Franklin, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
General Improvements:										
16-03	Imp. To Recreation Facility	08/12/03	113,850.00	8,152.72					8,152.72	
15-04	Improvement to Recreation	09/28/04	38,000.00	36,152.41					36,152.41	
19-09	Various Capital Improvements	12/08/09	250,000.00		8,652.40		5,309.75			3,342.65
17-10	Various Capital Improvements	11/09/10	70,000.00	4,791.28					4,791.28	
18-10	Imp. For Economic Development	11/23/10	33,900.00	2,970.60					2,970.60	
10-13	Purchase of Computer Upgraded	09/10/13	15,184.92	2,340.00					286.95	
11-13	Improvement to Various Roads	09/24/13	255,000.00		49,107.72		2,053.05			39,986.36
12-13	Improvement to the Fire House	09/24/13	20,000.00		16,651.72		16,651.72			
08-14	Various Capital Improvements	06/24/14	1,796,000.00	106,495.02	1,536,000.00		1,020,678.06			621,816.96
09-14	Air Conditioning Unit	07/08/14	12,000.00	520.53				520.53		
01-15	Updating of the Police Station Security	03/10/15	8,700.00			8,700.00	8,700.00			
05-15	New Computer Server	03/10/15	11,540.00			11,540.00	10,340.00		1,200.00	
07-15	Various Capital Improvements	06/23/15	379,300.00			379,300.00	153,865.90			225,434.10
				<u>161,422.56</u>	<u>1,610,411.84</u>	<u>399,540.00</u>	<u>1,226,719.84</u>	<u>520.53</u>	<u>53,533.96</u>	<u>890,580.07</u>
				C	C	C	C-11	C	C	C

Ref.	Deferred Charges to Future Taxation - Unfunded	Various Reserves
C-11		17,700.00
C-4		227,300.00
C-5	Grants Receivable	140,000.00
C-8	Capital Improvement Fund	14,540.00
		<u>399,540.00</u>
C-2	Cash Disbursements	836,620.94
C-9	Reserve for Encumbrances	390,098.90
		<u>1,226,719.84</u>

Borough of Franklin, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	147,311.20
Increased by:		
Budget Appropriation	C-2	<u>45,000.00</u>
		192,311.20
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-7	<u>14,540.00</u>
Balance - December 31, 2015	C	<u><u>177,771.20</u></u>

Schedule of Reserve for Encumbrances
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	19,820.04
Increased by:		
2015 Charges	C-7	<u>390,098.90</u>
Balance - December 31, 2015	C	<u><u>409,918.94</u></u>

Borough of Franklin, N.J.

Schedule of Interfund - Current Fund

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Interest on Investments	C-2	<u>127.64</u>
Decreased by:		
Cash Disbursements	C-2	<u>127.64</u>

Borough of Franklin, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2015

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Reserve for Improvements to Municipal Property	28,020.11	7,684.74	8,700.00	27,004.85
Reserve for Purchase of Office Equipment	9,009.34	648.34	9,000.00	657.68
Reserve for Purchase of Ambulance Equipment	10,000.00	10,000.00		20,000.00
Reserve for Improvements to Streets and Roads	18,386.26	2,355.08		20,741.34
Reserve for Fire Truck	25,000.00			25,000.00
Reserve for Fire Equipment	19,417.52	8,861.29		28,278.81
Reserve for Police Equipment	5,594.00	4,073.75		9,667.75
	<u>115,427.23</u>	<u>33,623.20</u>	<u>17,700.00</u>	<u>131,350.43</u>
	C		C-7	C
	<u>Ref.</u>			
Cash Receipts	C-2	33,102.67		
Improvement Authorizations	C-7	<u>520.53</u>		
		<u>33,623.20</u>		

Borough of Franklin, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Ordinance Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Funded By Budget Appropriation</u>	<u>Bond Anticipation Notes Issued</u>
		<u>General Improvements:</u>				
06-11	05/10/11	Improvements To Master Street	9,308.48	227,300.00	9,308.48	227,300.00
07-15	06/23/15	Various Capital Improvements	9,308.48	227,300.00	9,308.48	227,300.00
		Footnote C		C-4	C-4	C-6

Borough of Franklin, N.J.

Schedule of Cash

Water / Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2014	D	<u>1,356,121.42</u>	<u>911,867.66</u>
Increased by Receipts:			
Fund Balance	D-2		3,905.24
Interest on Deposits	D-3	3,642.86	
Miscellaneous Revenue	D-3	127,405.38	
Collector Cash Receipts	D-7	2,214,020.26	
Interfund Water/Sewer Capital	D-10	189.54	
Reserve for Water Hook-Up Fees	D-16	7,789.50	
Reserve for Sewer Hook-Up Fees	D-17	10,545.76	
Prepaid Water / Sewer Rents	D-19	36,867.20	
Reserve for Capital Outlay	D-15	152.75	
Various Capital Reserves	D-20		57,107.99
Capital Improvement Fund	D-26		15,000.00
Accounts Payable	D-29		9,000.00
		<u>2,400,613.25</u>	<u>85,013.23</u>
		<u>3,756,734.67</u>	<u>996,880.89</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	1,947,500.77	
Appropriation Reserves	D-13	22,889.75	
Reserve for Encumbrances	D-28		31,714.44
Interest on Bonds and Notes	D-14	50,894.85	
Improvement Authorizations	D-24		104,859.25
		<u>2,021,285.37</u>	<u>136,573.69</u>
Balance - December 31, 2015	D	<u><u>1,735,449.30</u></u>	<u><u>860,307.20</u></u>

Borough of Franklin, N.J.
Schedule of Change Funds
Water / Sewer Utility Fund
Year Ended December 31, 2015

<u>Office</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Water / Sewer Utility Collector	<u>200.00</u>	<u>200.00</u>
	D	D

Schedule of Water / Sewer Utility Collector Cash
Water / Sewer Utility Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by Receipts:		
Water/Sewer Rents Receivable	D-9	<u>2,214,020.26</u>
Decreased by Disbursements:		
Payment to Treasurer	D-5	<u>2,214,020.26</u>

Borough of Franklin, N.J.

Schedule of Water / Sewer Utility Capital Cash

Water / Sewer Utility Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts		Disbursements			Transfers		Balance Dec. 31, 2015
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	15,535.32		3,905.24						19,440.56
Capital Improvement Fund	266,909.03	15,000.00				(4,250.00)			279,474.72
Reserve for Preliminary Expenses	228.20								228.20
Reserve for Encumbrances	31,775.69		9,000.00		31,714.44				1,061.25
Accounts Payable									9,000.00
Reserve for I&I Study	72,310.10					(13,380.03)			72,310.10
Reserve for Water/Sewer Equipment	13,380.03								132,652.34
Reserve for Sewer Stations	99,625.34		33,027.00			(5,211.13)			64,171.85
Reserve for Water Distribution	66,552.14		2,830.84			(63,767.41)			21,250.15
Reserve for Capital Outlay	63,767.41		21,250.15						
Improvement Authorizations									
Ordinance Number									
11-09 Various Water/Sewer Capital Improvements	22,761.57			15,778.79					6,982.78
16-09 Improvements to Water/ Sewer System	256,286.52			2,551.27					253,735.25
11-14 Water/Sewer Vehicle	2,736.31			920.62		(1,815.69)			
04-15 Improvement to Water Distribution System						(85,000.00)			85,000.00
10-15 Improvement to Water Distribution System				85,608.57		(1,000.00)			86,608.57
		15,000.00	70,013.23	104,859.25	31,714.44	(174,424.26)			860,307.20
	911,867.66								D

Borough of Franklin, N.J.

Schedule of Consumer Accounts Receivable

Water / Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	D		149,215.58
Increased by:			
Water/Sewer Rents Levy			<u>2,228,610.13</u>
			2,377,825.71
Decreased by:			
Water/Sewer Rents Collected	D-7	2,214,020.26	
Pre-Paid Water Rents Applied	D-19	<u>40,772.90</u>	
	D-3		<u>2,254,793.16</u>
Balance - December 31, 2015	D		<u><u>123,032.55</u></u>

Borough of Franklin, N.J.

Schedule of Interfund - Water / Sewer Capital

Water / Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Interest On Investments	D-3	<u>189.54</u>
Decreased by:		
Cash Receipt	D-5	<u>189.54</u>

Borough of Franklin, N.J.

Schedule of Fixed Capital

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Description</u>	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>By Budget</u> <u>Capital</u>	<u>Dec. 31, 2015</u>
		<u>Ordinance</u>	
General Structures, Electric Power Equipment			
Distribution Mains and General Equipment	3,537,063.82	10,295.03	3,547,358.85
Sanitary Sewer System	10,596,768.22	573.00	10,597,341.22
Office Equipment	37,181.01		37,181.01
Vehicles	95,313.92	31,184.31	126,498.23
Backhoe	73,614.90		73,614.90
Plow Assembly	5,295.00		5,295.00
Sewer Jet Cleaner	719.43		719.43
Imp. To Pond / Reservoir	39,039.00		39,039.00
Dam Restoration	19,600.00		19,600.00
Imp. To The Water Supply & Dist. System	4,111,790.97	30,919.01	4,142,709.98
Imp. To Borough Hall	303,750.00		303,750.00
Installation of Sidewalks	17,500.00		17,500.00
Water System Improvements			
and Distribution System	1,259,290.03		1,345,898.60
Sewer Refunding Bond	105,000.00		105,000.00
I & I Study and Repair	41,953.39	35,669.77	77,623.16
Miscellaneous	469,685.02		469,685.02
	<u>20,713,564.71</u>	<u>77,456.81</u>	<u>20,908,814.40</u>
	D	D-27	D
		D-12	

Borough of Franklin, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water / Sewer Utility Operating Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2014	2015 Authorizations	Costs to Fixed Capital	Cancelled	Balance, Dec. 31, 2015
11-09	Various Water/Sewer Capital Improvements	07/14/2009	109,000.00	109,000.00				109,000.00
16-09	Improvements to Water/Sewer Systems	11/24/2009	850,000.00	850,000.00				850,000.00
11-14	Water/Sewer Vehicle	11/25/2014	33,000.00	33,000.00		31,184.31	1,815.69	
10-15	Improvement to Water Distribution System	09/22/2015	86,608.57		86,608.57	86,608.57		
				<u>992,000.00</u>	<u>86,608.57</u>	<u>117,792.88</u>	<u>1,815.69</u>	<u>959,000.00</u>
				D	D-24	D-11	D-24	D

Borough of Franklin, N.J.

Schedule of Appropriation Reserves

Water /Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	55,932.15	55,932.15	8,559.29	47,372.86
Other Expenses	140,565.31	140,565.31	6,381.64	134,183.67
	<u>196,497.46</u>	<u>196,497.46</u>	<u>14,940.93</u>	<u>181,556.53</u>
Capital Improvements:				
Capital Outlay	764.00	764.00	764.00	
Improvements to Water Distribution System	6,807.00	6,807.00	6,807.00	
Statutory Expenditures:				
Public Employees' Retirement System	6,000.00	6,000.00		6,000.00
Social Security System (O.A.S.I.)	1,200.92	1,200.92	346.15	854.77
Unemployment Compensation Fund	563.68	563.68	31.67	532.01
	<u>7,764.60</u>	<u>7,764.60</u>	<u>377.82</u>	<u>7,386.78</u>
	<u>211,833.06</u>	<u>211,833.06</u>	<u>22,889.75</u>	<u>188,943.31</u>
	<u>Ref.</u>		D-5	D-1
Unencumbered	D	201,983.66		
Encumbered	D	9,849.40		
		<u>211,833.06</u>		

Borough of Franklin, N.J.

Schedule of Accrued Interest on Bonds, Loans and Notes

Water / Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	21,584.36
Increased by:		
Budget Appropriations	D-4	<u>65,455.00</u>
		87,039.36
Decreased by:		
Interest Paid	D-5	<u>50,894.85</u>
Balance - December 31, 2015	D	<u><u>36,144.51</u></u>

Principal Outstanding <u>Dec. 31, 2015</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period (Days)</u>	Required <u>Amount</u>	Actual <u>Amount</u>
Serial Bonds and Loans						
2,095,000.00	Various	8/15/2015	12/31/2015	138	29,459.17	32,536.40
100,000.00	Various	8/1/2015	12/31/2015	152	2,206.11	2,436.55
Bond Anticipation Notes						
388,000.00	0.740%	8/20/2015	12/31/2015	133	<u>1,060.75</u>	<u>1,171.55</u>
					<u><u>32,726.03</u></u>	<u><u>36,144.51</u></u>

Borough of Franklin, N.J.

Schedule of Reserve for Capital Outlay

Water / Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	305.50
Increased by:		
Cash Receipts	D-5	<u>152.75</u>
Balance - December 31, 2015	D	<u><u>458.25</u></u>

Schedule of Reserve for Water Hook-Up Fees

Water / Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	28,561.50
Increased by:		
Cash Receipts	D-5	<u>7,789.50</u>
		36,351.00
Decreased by:		
Anticipated as Item of Revenue	D-3	<u>28,561.00</u>
Balance - December 31, 2015	D	<u><u>7,790.00</u></u>

Borough of Franklin, N.J.

Schedule of Reserve for Sewer Hook-Up Fees

Water / Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	55,293.00
Increased by:		
Cash Receipts	D-5	<u>10,545.76</u>
		65,838.76
Decreased by:		
Anticipated as Item of Revenue	D-3	<u>55,293.00</u>
Balance - December 31, 2015	D	<u><u>10,545.76</u></u>

Borough of Franklin, N.J.
Schedule of Reserve for BPW Maps
Water / Sewer Utility Operating Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	<u>4,293.83</u>
Balance - December 31, 2015	D	<u>4,293.83</u>

Schedule of Prepaid Water / Sewer Rents
Water / Sewer Utility Operating Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	40,772.90
Increased by:		
Cash Receipts	D-5	<u>36,867.20</u>
		77,640.10
Decreased by:		
Prepaid Rents Applied	D-9	<u>40,772.90</u>
Balance - December 31, 2015	D	<u>36,867.20</u>

Borough of Franklin, N.J.

Schedule of Various Reserves

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Description</u>	Balance		Increased	Decreased	Balance	
	<u>Dec. 31, 2014</u>				<u>Dec. 31, 2015</u>	
Reserve for Preliminary Expenses	228.20				228.20	
Reserve for I & I Study	72,310.10				72,310.10	
Reserve for Water/Sewer Equipment	13,380.03			13,380.03	0.00	
Reserve for Sewer Stations	99,625.34		33,027.00		132,652.34	
Reserve for Water Distribution	66,552.14		2,830.84	5,211.13	64,171.85	
Reserve for Capital Outlay	63,767.41		21,250.15	63,767.41	21,250.15	
	<u>315,863.22</u>		<u>57,107.99</u>	<u>82,358.57</u>	<u>290,612.64</u>	
	D		D-5	D-24	D	

Borough of Franklin, N.J.

Schedule of Water / Sewer Serial Bonds Payable

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Balance, Dec. 31, 2015	
			Date	Amount	Interest Rate		Balance, Dec. 31, 2014
					Increased	Decreased	
Water/Sewer Bonds of 2002	8/01/2002	446,800.00				20,000.00	20,000.00
Water Refunding Bonds of 2015	2/15/2015	2,195,000.00				2,195,000.00	100,000.00
			08/15/16	65,000.00	2.00%		
			08/15/17	65,000.00	2.00%		
			08/15/18	65,000.00	3.00%		
			08/15/19	70,000.00	3.00%		
			08/15/20	70,000.00	3.00%		
			08/15/21	75,000.00	3.00%		
			08/15/22	75,000.00	3.00%		
			08/15/23	80,000.00	3.00%		
			08/15/24	80,000.00	4.00%		
			08/15/25	85,000.00	4.00%		
			08/15/26	85,000.00	4.00%		
			08/15/27	90,000.00	4.00%		
			08/15/28	95,000.00	4.00%		
			08/15/29	95,000.00	4.00%		
			08/15/30	100,000.00	4.00%		
			08/15/31	105,000.00	4.00%		
			08/15/32	110,000.00	4.00%		
			08/15/33	115,000.00	4.00%		
			08/15/34	120,000.00	4.00%		
			08/15/35	125,000.00	4.00%		
			08/15/36	130,000.00	4.00%		
			08/15/37	135,000.00	4.00%		
			08/15/38	60,000	4.00%		
						20,000.00	2,095,000.00
						2,195,000.00	120,000.00
						D	D

Borough of Franklin, N.J.
Schedule of FHA Water Supply Loan
Water / Sewer Utility Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	<u>2,292,072.49</u>
Decreased by:		
Refunded Using Reoffering Premium	D-27	97,072.49
Water Refunding Bonds of 2015	D-21	<u>2,195,000.00</u>
		<u>2,292,072.49</u>

Borough of Franklin, N.J.
Schedule of New Jersey Infrastructure Trust Loan

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

Improvement Description	Date of Issue	Amount Issued	Maturities		Interest Rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
Removal and Construction of a New Water Tank: Trust Loan Portion	11/01/00	280,000.00	8/1/2016	20,000.00	5.13%			
			8/1/2017	20,000.00	5.25%			
			8/1/2018	20,000.00	5.25%			
			8/1/2019	20,000.00	5.25%			
			8/1/2020	20,000.00	5.25%			
Sub-total						115,000.00	15,000.00	100,000.00

Borough of Franklin, N.J.

Schedule of New Jersey Infrastructure Trust Loan

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

Improvement Description	Date of Issue	Amount Issued	Semi Annual Maturities		Interest Rate	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
			Date	Amount				
Removal and Construction of a New Water Tank: Fund Loan Portion	11/01/00	270,000.00	02-01-2016	1,549.79	0%			
			08-01-2016	13,414.26	0%			
			02-01-2017	1,245.76	0%			
			08-01-2017	13,110.23	0%			
			02-01-2018	934.32	0%			
			08-01-2018	12,798.79	0%			
			02-01-2019	622.88	0%			
			08-01-2019	12,487.35	0%			
			02-01-2020	311.44	0%			
			08-01-2020	12,176.53	0%			
Sub-total						81,105.44	12,454.09	68,651.35
Grand Total						196,105.44	27,454.09	168,651.35
						D	D-27	D

Borough of Franklin, N.J.

Schedule of Improvement Authorizations

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations	Reappropriated	Paid or Charged	Cancelled	Balance Dec. 31, 2015	
				Funded	Unfunded					Funded	Unfunded
11-09	Various Water/Sewer Capital Improvements	07/14/2009	109,000.00	22,761.57				15,778.79		6,982.78	
16-09	Improvements to Water/Sewer Systems	11/24/2009	850,000.00	415,286.52				2,551.27			412,735.25
11-14	Water/Sewer Vehicle	11/24/2014	33,000.00	2,736.31				920.62	1,815.69		
04-15	Improvement to Water Distribution System	04/14/2015	85,000.00			85,000.00	(85,000.00)				
10-15	Improvement to Water Distribution System	09/22/2015	86,608.57			1,608.57	85,000.00	86,608.57			
				<u>25,497.88</u>	<u>415,286.52</u>	<u>86,608.57</u>		<u>105,859.25</u>	<u>1,815.69</u>	<u>6,982.78</u>	<u>412,735.25</u>
				D	D	D		D-26;D-30	D-26;D-30	D	D
	Various Reserves				82,358.57						
	Capital Improvement Fund				4,250.00						
					<u>86,608.57</u>						
					D-12;D-30						
	Cash Disbursements							104,859.25			
	Reserve for Encumbrances							<u>1,000.00</u>			
								<u>105,859.25</u>			

Borough of Franklin, N.J.

Schedule of Water / Sewer Capital Bond Anticipation Notes

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
16-09	Improvements to Water/ Sewer System	04/29/2010	08/22/2014 08/20/2015	08/21/2015 08/19/2016	1.000% 0.740%	318,000.00	268,000.00	318,000.00	268,000.00
16-09	Improvements to Water/ Sewer System	08/23/2013	08/22/2014 08/20/2015	08/21/2015 08/19/2016	1.000% 0.740%	135,000.00	120,000.00 388,000.00	135,000.00 453,000.00	120,000.00 388,000.00
						453,000.00			D
							388,000.00	388,000.00	
								65,000.00	
							388,000.00	453,000.00	
									D

Ref.

Renewals

Paid by Budget Appropriations D-27

Borough of Franklin, N.J.

Schedule of Capital Improvement Fund

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	266,909.03
Increased by:		
Improvement Authorizations		
Cancelled	D-24	1,815.69
Budget Appropriation	D-5	<u>15,000.00</u>
		<u>16,815.69</u>
		283,724.72
Decreased by:		
Appropriation to Finance		
Improvement Authorizations	D-24	<u>4,250.00</u>
Balance - December 31, 2015	D	<u><u>279,474.72</u></u>

D-27

Schedule of Reserve for Amortization

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	18,402,386.78
Increased by:		
Capital Purchases	D-11	77,456.81
Serial Bonds Paid by Budget	D-21	120,000.00
FHA Water Supply Loan	D-22	97,072.49
New Jersey Environmental		
Infrastructure Loan	D-23	27,454.09
Bond Anticipation Notes		
Paid by Budget	D-25	65,000.00
Transfer from Deferred Reserve		
for Amortization	D-30	<u>117,792.88</u>
		<u>504,776.27</u>
Balance - December 31, 2015	D	<u><u>18,907,163.05</u></u>

Borough of Franklin, N.J.

Schedule of Reserve for Encumbrances

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	31,775.69
Increased by:		
Charges to Improvement Authorizations	D-24	1,000.00
		<u>32,775.69</u>
Decreased by:		
Disbursements	D-5	31,714.44
		<u>31,714.44</u>
Balance - December 31, 2015	D	<u><u>1,061.25</u></u>

Schedule of Accounts Payable

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Bond Issuance Cost	D-5	9,000.00
		<u>9,000.00</u>
Balance - December 31, 2015	D	<u><u>9,000.00</u></u>
	120	

Borough of Franklin, N.J.

Schedule of Deferred Reserve for Amortization

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2014</u>	<u>Fixed Capital Authorized</u>	<u>To Reserve for Amortization</u>	<u>Authorizations Cancelled To Capital Improvement Fund</u>	<u>Balance, Dec. 31, 2015</u>
11-09	Various Water/Sewer Capital Improvements	07/14/2009	109,000.00				109,000.00
16-09	Improvements to Water / Sewer Systems	11/24/2009	41,000.00				41,000.00
11-14	Water/Sewer Vehicle	11/25/2014	33,000.00		31,184.31	1,815.69	
10-15	Improvement to Water Distribution System	09/22/2015		86,608.57	86,608.57		
			<u>183,000.00</u>	<u>86,608.57</u>	<u>117,792.88</u>	<u>1,815.69</u>	<u>150,000.00</u>
			D	D-24	D-27	D-24	D

Borough of Franklin, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water / Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, Dec. 31, 2014	Balance, Dec. 31, 2015
11/24/2009	Improvement to Water/Sewer Systems	159,000.00	159,000.00
		<u>Footnote D</u>	<u>Footnote D</u>

Borough of Franklin, N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>Account #1</u>
Balance - December 31, 2014	E	5,519.96
Increased by Receipts:		
Interest on Investment	E-4;E-5	<u>11.07</u>
Balance - December 31, 2015	E	<u><u>5,531.03</u></u>

Borough of Franklin, N.J.

Schedule of Cash and Reconciliation Per N.J.S.A. 40A:5-5

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2015	E-1	5,531.03
Increased by:		
Cash Receipts Record		<u>7.28</u>
Balance - April 30, 2016		<u><u>5,538.31</u></u>
<u>Reconciliation - April 30, 2016</u>		<u>P.A.T.F.</u>
		<u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>5,538.31</u>
Balance - April 30, 2016		<u><u>5,538.31</u></u>

Borough of Franklin, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	5,519.96
Increased by Receipts:		
Cash Receipts Record	E-1	<u>11.07</u>
Balance - December 31, 2015	E	<u><u>5,531.03</u></u>
		P.A.T.F.
<u>Reconciliation - December 31, 2015</u>		<u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>5,531.03</u>
Balance - December 31, 2015		<u><u>5,531.03</u></u>

Borough of Franklin, N.J.
Schedule of Revenues
Public Assistance Fund
Year Ended December 31, 2015

	P.A.T.F. <u>Account #1</u>
Interest on Investments	<u>11.07</u>
Total Revenues (P.A.T.F.)	<u><u>11.07</u></u>

E-1

Borough of Franklin, N.J.
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	5,519.96
Increased by:		
Receipts	E-1	<u>11.07</u>
Balance - December 31, 2015	E	<u><u>5,531.03</u></u>

BOROUGH OF FRANKLIN

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the Borough Council
Borough of Franklin
Franklin, New Jersey 07416

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Franklin in the County of Sussex as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 16, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Franklin's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Franklin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Franklin's internal control.



Honorable Mayor and
Members of the Borough Council
Page 2

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Franklin's financial statements-regulatory basis are free of 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Franklin in the accompanying comments and recommendations section of this report.

Borough of Franklin's Responses to Findings

The Borough of Franklin's response to the findings identified in our audit are described in the accompanying General Comments section of our audit. The Borough's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Honorable Mayor and
Members of the Borough Council
Page 3

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 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 internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkatz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

May 16, 2016



BOROUGH OF FRANKLIN

SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Summary of Auditor's Results:

A qualified opinion was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose significant deficiencies in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and State Circular 15-08 OMB for 2015 as grant expenditures were less than the single audit thresholds identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2015-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector and Water/Sewer Utility Collector Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Tax Collector and Water/Sewer Utility Collector collects cash, posts to the computer and can make adjustments to individual accounts. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF FRANKLIN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

The Borough's prior year finding regarding Segregation of Duties has been corrected for the Treasury Department but not in the Tax Collector and Water/Sewer Utility Departments and is included in the audit for the year ended December 31, 2015.

Finding 2014-01:

Condition:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury, Tax Collector and Water/Sewer Utility Collector Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, maintains the General Ledger, has control of checks, and reconciles bank statements. The Tax Collector and Water/Sewer Utility Collector collects cash, posts to the computer and can make adjustments to individual accounts. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Current Status:

Corrective action was taken for the Treasury Department but not in the Tax Collector and Water/Sewer Utility Departments. The Borough was made aware of this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2015, and at May 16, 2016, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-3 states:

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

GENERAL COMMENTS (CONTINUED)

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

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

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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 nonpayment of taxes on or before the date when they would become delinquent.

The governing body on January 1, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents:

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE BOROUGH OF FRANKLIN, COUNTY OF SUSSEX, STATE OF NEW JERSEY, that the rate of interest to be charged for non-payment of taxes on or before the date that they would be delinquent shall be set at the rate of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500 and

BE IT FURTHER RESOLVED, that the rate of interest to be charged for nonpayment of water/sewer bills on or before the date that they would become delinquent shall be set at the rate of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500 and

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

BE IT FURTHER RESOLVED, that in accordance with the provision N.J.S.A. 54:4-67, a six percent (6%) penalty shall be charged to a taxpayer with a delinquency in excess of ten thousand dollars, (\$10,000.00), who fails to pay the delinquency prior to the end of the calendar year. Delinquency in this instance means the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or tax years.

BE IT FURTHER RESOLVED, that no interest shall be charged if payment of any installation is made within ten days after the date upon which same became payable.

It appears from an 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 October 7, 2015 and was complete, except for properties in bankruptcy court.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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>
2015	2
2014	6
2013	8

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

Verification of Delinquent Taxes and Other Charges

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

The result of the test, which was made as of December 31, 2015 is not yet known, but a separate report will be rendered if any irregularities are developed.

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

GENERAL COMMENTS (CONTINUED)

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector and Water/Sewer Utility Collector Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Tax Collector and Water/Sewer Utility Collector collects cash, posts to the computer and can make adjustments to individual accounts. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Recommendation:

That the Borough strengthen internal control in the Tax Collector and Water/Sewer Utility Collector Departments.

Management Response:

The Borough was made aware of this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

OTHER COMMENTS

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Borough Clerk and Division of Local Government Services. We noted, however, that there are internal control problems that exist throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

Finance

1. In some cases, requisitions/purchase orders are not being issued prior to the purchase of goods and services.

Management Response:

All attempts will be made to issue requisition/purchase orders prior to the purchase of goods or services rendered.

RECOMMENDATIONS

1. That requisition/purchase orders be issued prior to the purchase of goods or services rendered.
2. That adequate segregation of duties within the Tax Collector and Water/Sewer Utility Collector Departments be maintained.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which are included in this years recommendations:

1. That requisition/purchase orders be issued prior to the purchase of goods or services rendered.
2. That adequate segregation of duties within the Tax Collector and Water/Sewer Utility Collector Departments be maintained.

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

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

Very truly yours,



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

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