

**TOWNSHIP OF FRANKLIN
COUNTY OF GLOUCESTER
REPORT OF AUDIT
FOR THE YEAR 2014**

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TOWNSHIP OF FRANKLIN
PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Franklin
Franklinville, New Jersey 08322

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of December 31, 2014, and the related statement of operations and changes in fund balance - regulatory basis for the year 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, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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 reporting provisions of 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 in compliance with audit requirements as 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 from 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 Township'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 by the Township on the basis of the financial reporting provisions of 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.

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 matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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 the Township of Franklin, in the County of Gloucester, State of New Jersey, as of December 31, 2014, or the results of its operations and changes in fund balance for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed assets account group, as required by N.J.A.C. 5:30-5.6, because a record of general fixed assets was not maintained by the Township. The amount that should be recorded in the general fixed assets account group is not known.

The financial statements referred to above also do not include in the notes to the financial statements the Governmental Accounting Standards Board Statement No. 45 disclosure for the liability of non-pension benefits that the Township has contractually or otherwise agreed to provide to retired employees. The amount of the liability that should be disclosed in the notes to the financial statements is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of December 31, 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the revenues - regulatory basis, and expenditures - regulatory basis of the various funds, for the year ended December 31, 2014 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Prior Period Financial Statements

The financial statements of the Township of Franklin, County of Gloucester, as of December 31, 2013, were audited by other auditors whose report dated July 16, 2014, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the regulatory basis of accounting.

Other Matter

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The supplementary financial statements presented for the various funds and the schedule of expenditures of federal awards 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2015 on our consideration of the Township of Franklin's, in the County of Gloucester, State of New Jersey, 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 Township of Franklin's internal control over financial reporting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 25, 2015

**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

The Honorable Mayor and
Members of the Township Committee
Township of Franklin
Franklinville, New Jersey 08322

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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 25, 2015. That report indicated that the Township of Franklin's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by New Jersey Administrative Code and also did not include the required Governmental Accounting Standards Board Statement No. 45 disclosure in the notes to the financial statements. The financial statements of the Township of Franklin, County of Gloucester, as of December 31, 2013, were audited by other auditors whose report dated July 16, 2014, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the Regulatory basis of accounting.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. 2014-001.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2014-003 and 2014-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Franklin's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002 and 2014-003.

The Township of Franklin's Response to Findings

The Township of Franklin's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 25, 2015

TOWNSHIP OF FRANKLIN

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2014 and 2013

	Ref.	2014	2013
ASSETS:			
Chief Financial Officer	SA-1	\$ 1,355,342.11	\$ 2,322,735.13
Tax Collector	SA-2	1,956,063.06	72,706.78
Change Fund	SA-3; SA-1	350.00	220.00
Due from State of New Jersey - Senior and Veterans Deductions	SA-5	4,516.34	5,353.78
		<u>3,316,271.51</u>	<u>2,401,015.69</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	102,348.51	107,316.48
Tax Title Liens Receivable	SA-6	414,308.00	505,744.08
Property Acquired / Assessed Valuation	A	4,904,076.98	4,904,076.98
Miscellaneous Liens Receivable	SA-2	-	700.00
Miscellaneous Accounts Receivable	SA-2	-	2,800.00
Land Sale Receivable	A	19,470.00	19,470.00
Revenue Accounts Receivable	SA-7	16,792.85	86,038.16
Due from Federal and State Grant Fund	SA-19	1,381,303.55	-
Due from Animal Control Fund	SB-2	14,937.18	21,427.84
Due from Trust Other Fund	SB-5	-	114,669.96
Due from Municipal Open Space Fund	A	2,656.36	2,656.36
Prepaid Local District School Tax	A-2, SA-17	-	78,468.02
		<u>6,855,893.43</u>	<u>5,843,367.88</u>
Deferred Charges:			
Overexpenditure of Appropriations	A-3	-	188.00
		<u>10,172,164.94</u>	<u>8,244,571.57</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-19	-	79,116.00
Grants Receivable	SA-20	1,915,418.92	2,057,949.53
Deferred Charges:			
Overexpenditure of Grant Funds	SA-21	26,854.09	-
		<u>1,942,273.01</u>	<u>2,137,065.53</u>
		<u>\$ 12,114,437.95</u>	<u>\$ 10,381,637.10</u>

(Continued)

TOWNSHIP OF FRANKLIN

CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
As of December 31, 2014 and 2013

	Ref.	2014	2013
LIABILITIES, RESERVES AND FUND BALANCE:			
Appropriation Reserves	A-3; SA-8	\$ 1,025,611.89	\$ 864,922.42
Reserve for Encumbrances	A-3; SA-8	127,228.18	168,052.38
Accounts Payable	SA-9	24,379.22	18,937.94
Tax Overpayments	SA-13	181,349.72	90,157.89
Prepaid Taxes	SA-12	395,557.13	381,153.91
County Taxes Payable	SA-16	36,963.88	15,628.25
Local School District Taxes Payable	SA-17	97,690.98	-
Regional High School District Taxes Payable	SA-18	134,782.63	39,867.63
Due to Federal and State Grant Fund	SA-19	-	79,116.00
Due to General Capital Fund	SC-4	5,415.51	149,806.00
Due to Trust Other	SB-5	1,106,800.10	-
Due to State - DCA Fees	SA-10	5,561.00	2,466.00
Due to State - Marriage License Fees	SA-11	400.00	375.00
Reserve for Senior Citizens' Activities	A	1,969.83	1,969.83
Reserve For:			
Performance Bonds	SA-1	7,440.00	-
Master Plan	A	15,159.42	15,159.42
Deposits for Sale of Land	A	3,650.00	3,650.00
		<u>3,169,959.49</u>	<u>1,831,262.67</u>
Reserves for Receivables	A	6,855,893.43	5,843,367.88
Fund Balance	A-1	<u>146,312.02</u>	<u>569,941.02</u>
		<u>10,172,164.94</u>	<u>8,244,571.57</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-19	1,381,303.55	-
Due to General Capital Fund	C	32,985.00	32,985.00
Reserve for Encumbrances	SA-21	14,568.41	1,458,115.00
Appropriated Reserves	SA-21	477,934.35	610,753.83
Unappropriated Reserves	SA-22	<u>35,481.70</u>	<u>35,211.70</u>
		<u>1,942,273.01</u>	<u>2,137,065.53</u>
		<u>\$ 12,114,437.95</u>	<u>\$ 10,381,637.10</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 450,000.00	\$ 711,200.00
Miscellaneous Revenues Anticipated	2,918,937.57	4,563,416.86
Receipts from Delinquent Taxes	233,650.91	244,718.98
Receipts from Current Taxes	38,346,831.67	37,209,995.58
Nonbudget Revenues	179,769.35	196,862.44
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	683,592.66	470,620.17
Interfund Cleared	121,160.62	8,737.15
Liquidation of Miscellaneous and Other Liens Receivable	3,500.00	-
	<u>42,937,442.78</u>	<u>43,405,551.18</u>
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Salaries and Wages	3,910,434.00	3,654,649.18
Other Expenses	4,067,899.00	4,299,151.01
Deferred Charges and Regulatory Expenditures	1,006,837.41	1,178,469.00
Appropriations Excluded from "CAPS":		
Salaries and Wages	51,025.30	-
Other Expenses	818,458.46	2,547,364.78
Capital Improvements	60,000.00	6,000.00
Municipal Debt Service	688,601.44	769,347.63
Deferred Charges	-	13,000.00
County Taxes	7,822,651.98	7,930,421.90
Due County for Added and Omitted Taxes	36,963.88	15,628.25
Local District School Tax	9,851,982.00	9,498,162.00
Regional High School Tax	11,191,473.00	10,840,705.00
Fire District Tax	1,816,930.00	1,795,260.00
Municipal Open Space Tax	123,996.16	124,839.02
Interfund Loans Advanced	1,381,303.55	63,248.02
Prepaid Local District School Taxes	-	78,468.02
Refund of Prior Year Revenue - Other	24,390.00	13,210.25
Refund of Prior Year Revenue - Prior Year Tax Appeals	25,168.90	-
Refund of Prior Year Revenue - Totally Disabled Veteran	22,706.70	-
Prior Year Senior Citizen Deductions Disallowed	10,250.00	-
	<u>42,911,071.78</u>	<u>42,827,924.06</u>
Excess in Revenues	26,371.00	577,627.12
Adjustments to Income Before Fund Balance -		
Expenditures Included Above Which Are by Statute Deferred		
Charges to Budget of Succeeding Year		
	-	188.00
Regulatory Excess of Fund Balance	26,371.00	577,815.12
Fund Balance January 1	569,941.02	703,325.90
	596,312.02	1,281,141.02
Decreased by:		
Utilization as Anticipated Revenue	450,000.00	711,200.00
Fund Balance December 31	<u>\$ 146,312.02</u>	<u>\$ 569,941.02</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2014

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 450,000.00		\$ 450,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		15,662.79	\$ 5,662.79
Other	4,000.00		6,043.00	2,043.00
Fees and Permits	38,000.00		34,516.83	(3,483.17)
Fines and Costs:				
Municipal Court	179,000.00		218,313.65	39,313.65
Interest and Costs on Taxes	210,000.00		232,755.17	22,755.17
Interest on Investments and Deposits	25,000.00		23,146.97	(1,853.03)
Consolidated Municipal Property Tax Relief Aid	16,913.00		16,913.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,429,243.00		1,429,243.00	
Garden State Trust	5,548.00		5,548.00	
Uniform Construction Codes Fee	140,000.00		134,197.00	(5,803.00)
Township of Buena - Joint Municipal Court	75,000.00		80,000.00	5,000.00
Emergency Medical Service Billing	300,000.00		315,772.25	15,772.25
Public and Private Revenues Offset With Appropriations:				
Alcohol Education Rehabilitation	738.85		738.85	
Body Armor Fund	2,502.99	\$ 2,271.38	4,774.37	
ANJEC Grant (parks)		1,500.00	1,500.00	
CDBG - Soil Vapor Extraction Vending System		50,000.00	50,000.00	
CDBG - Const. of New Jersey Ave and Maple Ave.		50,000.00	50,000.00	
Clean Communities		39,871.68	39,871.68	
Drunk Driving Enforcement Fund	1,025.30		1,025.30	
JIF Safety Incentive	6,190.00		6,190.00	
Recycling Tonnage Grant	20,944.56		20,944.56	

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2014

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Other Special Items of Revenue				
Uniform Fire Safety Act	\$ 28,000.00		\$ 31,779.54	\$ 3,779.54
Franchise Fees - Cable Television	65,000.00		48,559.46	(16,440.54)
Building Lease - Delsea Regional Board of Education	30,000.00		29,166.66	(833.34)
Contribution from Delsea Regional High School for Security	30,000.00		12,000.00	(18,000.00)
Liquidated of Prepaid Local School Tax	78,468.02		78,468.02	
Reserve for Debt Service	31,807.47		31,807.47	
	<u>2,727,381.19</u>	\$ <u>143,643.06</u>	<u>2,918,937.57</u>	<u>47,913.32</u>
Receipts from Delinquent Taxes	<u>300,000.00</u>		<u>233,650.91</u>	<u>(66,349.09)</u>
Subtotal General Revenues	<u>3,477,381.19</u>	<u>143,643.06</u>	<u>3,602,588.48</u>	<u>(18,435.77)</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	<u>7,555,099.19</u>		<u>8,075,647.92</u>	<u>520,548.73</u>
Budget Totals	<u>11,032,480.38</u>	<u>143,643.06</u>	<u>11,678,236.40</u>	<u>502,112.96</u>
Nonbudget Revenues			<u>179,769.35</u>	<u>179,769.35</u>
	<u>\$ 11,032,480.38</u>	<u>\$ 143,643.06</u>	<u>\$ 11,858,005.75</u>	<u>\$ 681,882.31</u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2014

Analysis of Realized Revenue:Allocation of Current Tax Collections:

Revenue from Collections	\$	38,346,831.67
Allocated to:		
School, County, and Special District Taxes		30,843,997.02
Balance for Support of Municipal Budget Revenues		7,502,834.65
Add:		
Appropriation: "Reserve for Uncollected Taxes"		572,813.27
Amount for Support of Municipal Budget Appropriations	\$	8,075,647.92

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	50,451.20
Tax Title Lien Collections		183,199.71
	\$	233,650.91

Analysis of Non-Budget Revenue:Treasurer:

Administrative Fee - State Of New Jersey - Senior/Vet	\$	3,777.00
Recycling Fees		12,093.00
State Inspection Fees		7,442.00
Statutory Excess in Animal Control Fund		14,937.18
Clerk - Miscellaneous		461.68
Community Center		1,971.50
Newfield Borough Solid Waste		12,078.70
Miscellaneous		27,252.58
Refund of Prior Year Expenses		1,811.05
Sale of Municipal Assets		37,972.41
Housing Inspection Fees		11,790.00
Clear Channel		2,535.00

Tax Collector:

Payments in Lieu of Taxes	\$	2,000.00	
Tax Collector Miscellaneous		1,273.68	
Tax Sale Costs		12,039.85	
Maintenance/Cleanup Liens		30,333.72	
			45,647.25
	\$		179,769.35
Treasurer	\$		119,180.43
Tax Collector			45,647.25
Due from General Capital Fund			4.49
Due from Animal Control Fund			14,937.18
	\$		179,769.35

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2014

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid	Encumbered	Reserved		
OPERATIONS WITHIN "CAPS":							
GENERAL GOVERNMENT FUNCTIONS:							
General Administration:							
Salaries and Wages	\$ 80,000.00	\$ 80,000.00	\$ 57,595.89		\$ 22,404.11		
Other Expenses	75,800.00	75,800.00	60,613.35	\$ 360.00	14,826.65		
Human Resources (Personnel):							
Other Expenses	60,000.00	30,675.00	19,284.79	240.00	11,150.21		
Mayor and Township Committee:							
Salaries and Wages	22,000.00	22,000.00	22,000.00				
Other Expenses	1,800.00	2,800.00	1,644.44	141.71	1,013.85		
Municipal Clerk:							
Salaries and Wages	91,100.00	91,100.00	82,475.45		8,624.55		
Other Expenses	24,000.00	24,000.00	17,642.90	793.96	5,563.14		
Financial Administration:							
Salaries and Wages	58,000.00	58,000.00	56,912.25		1,087.75		
Other Expenses	33,765.00	33,765.00	32,436.70	473.01	855.29		
Audit Services:							
Other Expenses	45,000.00	45,000.00	43,093.25		1,906.75		
Centralized Computerized Data Processing							
Other Expenses	8,500.00	8,500.00	6,149.00	1,360.00	991.00		
Revenue Administration - Tax Collection:							
Salaries and Wages	73,470.00	83,470.00	81,085.38		2,384.62		
Other Expenses	28,764.00	46,264.00	36,843.41	521.70	8,898.89		
Legal Services:							
Other Expenses:	151,830.00	171,830.00	164,670.06	6,890.35	269.59		
Engineering Services:							
Other Expenses	100,000.00	70,000.00	49,714.07		20,285.93		
Historical Sites Office:							
Salaries and Wages	1,000.00	1,000.00	700.00		300.00		
Other Expenses	1,000.00	1,000.00			1,000.00		
Economic Development:							
Other Expenses	20,000.00	3,800.00	175.00		3,625.00		
LAND USE ADMINISTRATION:							
Planning Board:							
Salaries and Wages	46,000.00	46,000.00	44,881.07		1,118.93		
Other Expenses	24,000.00	24,000.00	16,166.28	2,079.46	5,754.26		
Zoning Board of Adjustment:							
Salaries and Wages	14,900.00	14,900.00	14,900.00		855.44		
Other Expenses	8,000.00	10,000.00	9,144.56				
Demolition of Buildings:							
Other Expenses	3,000.00	3,000.00			3,000.00		

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2014

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid	Encumbered	Reserved		
OPERATIONS WITHIN "CAPS" (Cont'd)							
STATE UNIFORM CONSTRUCTION CODE:							
Construction Official:							
Salaries and Wages	\$ 148,301.00	\$ 148,301.00	\$ 147,153.27		\$ 1,147.73		
Other Expenses	6,900.00	6,900.00	5,374.89		1,525.11		
INSURANCE							
Liability Insurance	166,148.00	166,148.00	166,148.00		14,158.03		
Workers Compensation	395,506.00	395,506.00	381,347.97		11,300.00		
Health Waiver Benefit	15,000.00	15,000.00	3,700.00		256,975.99		
Employee Group Insurance	780,000.00	780,000.00	523,024.01				
PUBLIC SAFETY FUNCTIONS:							
Police Department:							
Salaries and Wages	2,258,416.00	2,258,416.00	2,081,129.72		177,286.28		
Other Expenses	207,550.00	212,550.00	154,441.30	\$ 39,244.16	18,864.54		
Office Of Emergency Management:							
Salaries and Wages	2,000.00	2,000.00	253.96	250.64	2,000.00		
Other Expenses	2,000.00	2,000.00			1,495.40		
Aid to Volunteer Ambulance Corporation:							
Other Expenses	35,000.00	35,000.00	29,834.83	5,164.07	1.10		
Uniform Fire Safety Act (P.L. 1983, C. 383):							
Salaries and Wages	25,158.00	25,158.00	22,842.56		2,315.44		
Other Expenses	7,800.00	7,800.00	5,140.85	2,455.20	203.95		
Prosecutor's Office:							
Salaries and Wages	30,151.00	30,151.00	30,151.00				
PUBLIC WORKS FUNCTIONS:							
Streets and Roads:							
Salaries and Wages	638,000.00	638,000.00	577,980.86		60,019.14		
Other Expenses	169,550.00	189,550.00	171,722.02	5,792.41	12,035.57		
Solid Waste Collection:							
Salaries and Wages	157,500.00	157,500.00	157,500.00		14,386.42		
Other Expenses	17,000.00	27,000.00	12,613.58				
Buildings and Grounds:							
Other Expenses	91,000.00	111,000.00	89,877.18	5,424.98	15,697.84		
Community Center							
Salaries and Wages	20,000.00	20,000.00	17,408.00		2,592.00		
Other Expenses	4,700.00	4,700.00	2,647.37	60.00	1,992.63		
Vehicle Maintenance:							
Other Expenses	228,500.00	188,500.00	174,536.16	13,854.29	109.55		

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2014

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (Cont'd)						
HEALTH AND HUMAN SERVICES FUNCTIONS:						
Public Health Services:						
Salaries and Wages	\$ 26,170.00	\$ 26,170.00	\$ 21,780.94		\$ 4,389.06	
Other Expenses	16,775.00	16,775.00	15,029.32		1,745.68	
Environmental Committee						
Other Expenses	1,550.00	2,250.00	1,606.50		643.50	
Recreation Services and Programs:						
Salaries and Wages	4,500.00	4,500.00	1,000.00		3,500.00	
Other Expenses	12,000.00	12,000.00	11,991.19		8.81	
Maintenance of Parks:						
Other Expenses	57,065.00	57,065.00	35,582.10	2,977.43	18,505.47	
Agricultural Board:						
Other Expenses	500.00	500.00			500.00	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	120,000.00	120,000.00	112,296.02	1,241.50	6,462.48	
Street Lighting	105,000.00	110,000.00	104,957.91		5,042.09	
Telephone	45,000.00	48,000.00	44,767.58	177.80	3,054.62	
Gas (Natural or Propane)	79,000.00	79,000.00	45,398.50		33,601.50	
Diesel Fuel	130,000.00	130,000.00	116,615.25		13,384.75	
Gasoline	131,000.00	131,000.00	94,849.69	15,069.52	21,080.79	
MUNICIPAL COURT FUNCTIONS:						
Municipal Court:						
Salaries and Wages	176,768.00	176,768.00	175,488.96		1,279.04	
Other Expenses	25,196.00	25,196.00	19,302.71	628.94	5,264.35	
Public Defender (P.L. 1997, C. 256):						
Salaries and Wages	13,000.00	13,000.00	8,838.30		4,161.70	
LANDFILL / SOLID WASTE DISPOSAL COSTS:						
Tipping Fees	637,000.00	637,000.00	570,858.92	4,352.92	61,788.16	
UNCLASSIFIED:						
Cable Television Commission						
Salaries and Wages	14,000.00	14,000.00	12,970.00		1,030.00	
Other Expenses	7,025.00	7,025.00	4,604.55		2,420.45	
Total Operations Within "CAPS"	7,979,658.00	7,978,333.00	6,970,893.82	109,554.05	897,885.13	-
Detail:						
Salaries and Wages	3,900,434.00	3,910,434.00	3,614,793.65	-	295,640.35	-
Other Expenses	4,079,224.00	4,067,899.00	3,356,100.17	109,554.05	602,244.78	-

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2014

	Appropriations		Budget After Modification	Expended			Unexpended Balance Canceled
	Budget			Paid	Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS":							
STATUTORY EXPENDITURES:							
Overexpenditure of Appropriations	\$	188.00	\$	188.00			
Deficit in Trust Fund		6,957.41		6,957.41			
Contribution to:							
Public Employees' Retirement System		197,280.00		197,280.00			
Social Security System (O.A.S.I.)		325,000.00		291,308.86	\$	33,691.14	
Police and Firemen's Retirement System of N.J.		392,345.00		392,345.00			
Unemployment Insurance		20,000.00		15,549.52		4,450.48	
Defined Contribution Retirement Program		1,000.00		265.10		734.90	
Public Employees' Retirement System - ERI		31,632.00		31,632.00			
Police and Firemen's Retirement System of N.J. - ERI		32,435.00		32,435.00			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"		1,006,837.41		1,006,837.41		38,876.52	\$ -
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"		8,986,495.41		8,985,170.41	\$	109,554.05	936,761.65
OPERATIONS EXCLUDED FROM "CAPS":							
EDUCATIONAL FUNCTIONS:							
Maintenance of Free Public Library (N.J.S.A. 40:54-8)		428,756.00		428,756.00			
SFSP Fire District Payment		5,683.00		5,683.00			
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:							
Joint Municipal Court - Township of Buena:							
Salaries and Wages		50,000.00		50,000.00			
Other Expenses		15,000.00		15,000.00			
Emergency Medical Services							
Other Expenses		195,000.00		195,000.00			
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Drunk Driving Enforcement Grant		1,025.30		1,025.30			
Body Armor Fund (N.J.S.A. 40:4-87 \$2,271.38+)		2,502.99		4,774.37			
Recycling Tonnage Grant		20,944.56		20,944.56			
CDBG - Const. of NJ Ave & Maple Ave. (N.J.S.A. 40A:4-87 \$50,000.00+)				50,000.00			
CDBG - Soil Vapor Extraction System (N.J.S.A. 40A:4-87 \$50,000.00+)				50,000.00			
ANJEC Grant - Environmental Commission (N.J.S.A. 40A:4-87 \$1,500.00+)				1,500.00			
JIF Safety Incentive Program		6,190.00		6,190.00			
Clean Communities (N.J.S.A. 40A:4-87 \$39,871.68+)				39,871.68			
Alcohol, Education, Rehabilitation		738.85		738.85			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"		725,840.70		869,483.76		17,674.13	88,850.24

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2014

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid	Encumbered	Reserved	
Detail:						
Salaries and Wages	\$ 51,025.30	\$ 51,025.30	\$ 25,768.07	-	\$ 25,257.23	-
Other Expenses	674,815.40	818,458.46	737,191.32	17,674.13	63,593.01	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	60,000.00	60,000.00	60,000.00			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	60,000.00	60,000.00	60,000.00	-	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	460,000.00	460,000.00	460,000.00			
Payment of Bond Anticipation Notes and Capital Notes	50,181.00	51,081.00	51,028.00		\$ 53.00	
Interest on Bonds	141,750.00	141,750.00	141,750.00			
Interest on Notes	35,400.00	35,825.00	35,823.44			1.56
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	687,331.00	688,656.00	688,601.44	-	-	54.56
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,473,171.70	1,618,139.76	1,511,560.83	17,674.13	88,850.24	54.56
SUBTOTAL GENERAL APPROPRIATIONS	10,459,667.11	10,603,310.17	9,450,415.54	127,228.18	1,025,611.89	54.56
RESERVE FOR UNCOLLECTED TAXES	572,813.27	572,813.27	572,813.27			
TOTAL GENERAL APPROPRIATIONS	\$ 11,032,480.38	\$ 11,176,123.44	\$ 10,023,228.81	\$ 127,228.18	\$ 1,025,611.89	\$ 54.56
N.J.S.A. 40A: 4-87		\$ 143,643.06				
Budget		11,032,480.38				
		\$ 11,176,123.44				
Federal and State Grants		\$ 175,044.76				
Reserve for Uncollected Taxes		572,813.27				
Deferred Charges - Due Trust Other Fund		7,145.41				
Due to General Capital Fund		5,420.00				
Reimbursed		(393,835.51)				
Disbursed		9,656,640.88				
		\$ 10,023,228.81				

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2014 and 2013

	Ref.	2014	2013
Assets:			
Animal Control Fund:			
Cash	SB-1	\$ 68,909.58	\$ 74,749.04
Cash - Change Fund		<u>100.00</u>	<u>100.00</u>
		<u>69,009.58</u>	<u>74,849.04</u>
Trust Other Funds:			
Cash	SB-1	764,798.33	1,246,696.08
Deferred Charges:			
Deficit in Reserve for Fire Safety Penalties	SB-1	-	6,957.41
Due From Current Fund	SB-5	<u>1,106,800.10</u>	<u>-</u>
		<u>1,871,598.43</u>	<u>1,253,653.49</u>
Municipal Open Space Trust Fund:			
Cash	SB-1	<u>332,201.12</u>	<u>312,145.10</u>
		<u>332,201.12</u>	<u>312,145.10</u>
Total Trust Funds		<u>\$ 2,272,809.13</u>	<u>\$ 1,640,647.63</u>
Liabilities, Reserves, and Fund Balance:			
Animal Control Fund:			
Due to Current Fund	SB-2	\$ 14,937.18	\$ 21,427.84
Due to State of New Jersey	SB-3	1.20	3.60
Reserve for Animal Control Fund Expenditures	SB-4	<u>54,071.20</u>	<u>53,417.60</u>
		<u>69,009.58</u>	<u>74,849.04</u>
Other Funds:			
Due to Current Fund	SB-5	-	114,669.96
Due to General Capital Fund	SB-1	28,235.00	33,115.00
Miscellaneous Trust Reserves:			
Ambulance Corporation	SB-6	33,015.20	33,730.31
Community Policing	SB-6	399.11	399.11
Community Fund	SB-6	30.00	30.00
Encumbrances - General Escrow Funds	SB-6	-	10,852.26
Firemen's Park	SB-6	4,000.00	4,000.00
Flags and Videos	SB-6	690.00	690.00
Historical Society	SB-6	2,493.00	2,493.00

(Continued)

TOWNSHIP OF FRANKLIN
TRUST FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2014 and 2013

	Ref.	<u>2014</u>	<u>2013</u>
Liabilities, Reserves, and Fund Balance (Cont'd):			
Other Funds (Cont'd):			
Miscellaneous Trust Reserves (Cont'd):			
Municipal Alliance for Drug and Alcohol Abuse	SB-6	\$ 160.00	\$ 160.00
Payroll Deductions Payable	SB-6	637.14	-
Performance Bond	SB-6	117,011.97	116,425.30
P.O.A.A.	SB-6	149.73	147.73
Police Canine Unit	SB-6	4,510.40	4,510.40
Police Forfeited Funds	SB-6	20,156.24	19,169.32
Public Defender	SB-6	13,843.00	10,395.00
Recreation Commission	SB-6	35,310.50	33,637.42
Recreation Facilities	SB-6	7,441.69	7,441.69
Senior Citizens	SB-6	36,000.00	36,000.00
Site Plan Review Escrow	SB-6	209,539.64	182,789.10
Tax Title Liens Redemptions	SB-6	1,355,799.28	640,821.36
Tax Sale Premiums	SB-6	-	-
Train Station Donations	SB-6	2,176.53	2,176.53
		<u>1,871,598.43</u>	<u>1,253,653.49</u>
Total Trust Other Funds			
Municipal Open Space Trust Fund			
Appropriation Reserves	B-2	13,050.18	-
Reserve for Encumbrances	B-2	6,762.00	-
Due Current Fund	B	2,656.36	2,656.36
Reserve for Future Use	SB-7	309,732.58	309,488.74
		<u>332,201.12</u>	<u>312,145.10</u>
		<u>\$ 2,272,809.13</u>	<u>\$ 1,640,647.63</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
TRUST FUND - MUNICIPAL OPEN SPACE
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2014

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 124,000.00	\$ 123,996.16	\$ (3.84)
Miscellaneous		247.68	247.68
Total Open Space Revenues	<u>\$ 124,000.00</u>	<u>\$ 124,243.84</u>	<u>\$ 243.84</u>

Analysis of Realized Revenues

Amount to be Raised by Taxation:

Receipts:

Municipal Open Space Tax Levy
 Added & Omitted Taxes

\$ 123,415.00	
581.16	
<u>581.16</u>	<u>\$ 123,996.16</u>

Miscellaneous:

Receipts:

Interest Earned on Deposits

\$ 247.68

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
TRUST FUND - MUNICIPAL OPEN SPACE
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2014

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Development of Lands for Conservation:				
Salaries and Wages	\$ 24,000.00	\$ 12,000.00		\$ 12,000.00
		10,000.00	\$ 9,600.00	400.00
Acquisition of Farmland	<u>100,000.00</u>	<u>102,000.00</u>	<u>101,349.82</u>	<u>650.18</u>
Total Open Space Appropriations	<u>\$ 124,000.00</u>	<u>\$ 124,000.00</u>	<u>\$ 110,949.82</u>	<u>\$ 13,050.18</u>
			\$ 104,187.82	
			<u>6,762.00</u>	
			<u>\$ 110,949.82</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2014 and 2013

Assets:	Ref.	2014	2013
Cash - Chief Financial Officer	SC-1	\$ 843,297.15	\$ 1,429,600.72
Deferred Charges to Future Taxation:			
Funded	SC-3	4,495,000.00	4,955,000.00
Unfunded	SC-5	5,251,500.00	5,179,028.00
State Road Aid Receivable	C	141,486.11	141,486.11
Due from Current Fund	SC-4	5,415.51	149,806.00
Due from Recreation Trust Fund	C	28,235.00	28,235.00
Due from Facilities Trust Fund	SC-1	-	4,880.00
Due from Federal and State Grant Fund	C	32,985.00	32,985.00
Overexpenditure of Ordinance Appropriation	SC-8	29,851.55	-
		<u>\$ 10,827,770.32</u>	<u>\$ 11,921,020.83</u>
Liabilities, Reserves and Fund Balance:			
Encumbrances Payable	SC-8	\$ 34,279.27	-
Contracts Payable	SC-6	367,735.05	\$ 1,050,115.06
Capital Improvement Fund	SC-7	65,500.00	12,000.00
Improvement Authorizations:			
Funded	SC-8	8,239.10	11,130.76
Unfunded	SC-8	723,160.15	1,144,082.79
Bond Anticipation Notes	SC-9	5,128,000.00	4,711,028.00
General Serial Bonds	SC-10	4,495,000.00	4,955,000.00
Reserve for Debt Service	SC-1	-	31,807.47
Fund Balance	C	5,856.75	5,856.75
		<u>\$ 10,827,770.32</u>	<u>\$ 11,921,020.83</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND
 Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
 As of December 31, 2014 and 2013

Assets:	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash	SE-1	\$ <u>3,209.44</u>	\$ <u>3,209.44</u>
Liabilities and Reserves:			
Reserve for Public Assistance	E	\$ <u>3,209.44</u>	\$ <u>3,209.44</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF FRANKLIN
Notes to Financial Statements
For the Year Ended December 31, 2014

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Financial Reporting Entity - The Township of Franklin was incorporated in 1825, covers approximately 56 square miles and is located in southwest New Jersey approximately thirty three miles southeast of the City of Philadelphia. The population according to the 2010 census is 16,820.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is selected by the Township Committee from the five-member Committee at the annual reorganization meeting. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Administrator.

Component Units - The financial statements of the component units of the Township of Franklin are not presented in accordance with Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and No. 61. If the provisions of GASBS No. 14, as amended by GASBS Nos. 39 and 61 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Franklin Township Library
 1584 Coles Mill Road
 Franklinville, New Jersey 08322

Annual financial reports may be inspected directly at the offices of these component units during regular business hours.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Franklin contain all funds in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Franklin accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Public Assistance Fund - The Public Assistance Fund accounts for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. The governing body resolved to transfer all public assistance activities to the County of Gloucester effective January 1, 2009.

Budgets and Budgetary Accounting - The Township of Franklin must adopt an annual budget for its current and open space trust funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township of Franklin requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Fund Balance - Fund Balance included in the current fund represents amounts available for anticipation as revenue in future years budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Township of Franklin School District, Delsea Regional High School District, Township of Franklin Fire Districts No. 1, No. 2, No. 3, No. 4, and No. 5. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Township of Franklin School District and the Delsea Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting Fire District Taxes for Township of Franklin Fire Districts No. 1, No. 2, No. 3, No. 4, and No. 5. Operations are charged for the full amount required to be raised by taxation to support the districts for the year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Note 2: **CASH AND CASH EQUIVALENTS**

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2014, the Township's bank balances of \$5,702,721.27 were exposed to custodial credit risk as follows:

Insured	\$ 250,000.00
Uninsured and Collateralized with Securities	
Held by Pledging Financial Institutions	5,027,243.04
Uninsured and Uncollateralized	<u>425,478.23</u>
Total	<u><u>\$ 5,702,721.27</u></u>

Note 3: **PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2014</u>	<u>2013R</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$2.962</u>	<u>\$2.887</u>	<u>\$4.238</u>	<u>\$4.230</u>	<u>\$4.145</u>
Apportionment of Tax Rate:					
Municipal	\$0.577	\$0.572	\$0.837	\$0.843	\$.859
County	0.593	0.594	0.875	0.907	0.944
County Open Space	0.042	0.044	0.069	0.073	0.074
Local School	0.799	0.763	1.114	1.082	1.048
Regional High School	0.907	0.869	1.277	1.256	1.210
Municipal Open Space	0.010	0.010	0.010	0.009	0.010
Municipal Library Tax	0.034	0.035	0.056	0.060	0.000
Special District Tax Rates:					
Fire District No. 1	\$0.159	\$0.156	\$0.236	\$0.236	\$0.236
Fire District No. 2	0.141	0.138	0.217	0.217	0.213
Fire District No. 3	0.116	0.116	0.178	0.176	0.171
Fire District No. 4	0.181	0.174	0.260	0.255	0.250
Fire District No. 5	0.129	0.126	0.187	0.183	0.177

R = Revaluation Year

Assessed Valuation

2014	\$1,234,153,912.00
2013R	1,246,127,735.00
2012	806,705,966.00
2011	805,727,012.00
2010	808,899,239.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2014	\$38,558,777.70	\$38,346,831.67	99.45%
2013	37,829,845.82	37,209,995.58	98.36%
2012	36,089,593.18	35,672,474.97	98.84%
2011	35,898,385.00	35,600,838.41	99.17%
2010	35,348,588.94	35,018,856.70	99.07%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$414,308.00	\$102,348.51	\$516,656.51	1.34%
2013	505,744.08	107,316.48	613,060.56	1.62%
2012	505,433.15	27,240.50	532,673.65	1.47%
2011	657,385.20	10,304.83	667,690.03	1.86%
2010	353,870.42	913.88	354,784.30	1.00%

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2014	\$4,904,076.98
2013	4,904,076.98
2012	4,842,511.52
2011	4,421,138.89
2010	5,454,458.87

Note 5: **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2014	\$146,312.02	\$100,000.00	68.34%
2013	569,941.02	450,000.00	78.96%
2012	703,325.90	711,200.00	101.67%
2011	821,347.76	642,500.00	78.23%
2010	386,097.22	399,000.00	103.34%

Note 6: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2014:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$1,398,897.09	\$1,112,215.61
Federal and State Grant Fund		1,414,288.55
Animal Control Fund		14,937.18
Trust Other Funds	1,106,800.10	28,235.00
Municipal Open Space Fund		2,656.36
General Capital Fund	66,635.51	
	<u>\$2,572,332.70</u>	<u>\$2,572,332.70</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2015, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: **PENSION PLANS**

The Township of Franklin contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. In addition, Township employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan and is also administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Public Employees' Retirement System - The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase was effective with the payroll period that began immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by Township</u>
2014	\$36,893.00	\$148,568.00	\$185,461.00	\$11,819.00	\$197,280.00
2013	63,977.00	127,282.00	191,259.00	11,476.00	202,735.00
2012	86,805.00	145,752.00	232,557.00	11,329.00	243,886.00

Police and Firemen's Retirement System - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 7: **PENSION PLANS (CONT'D)**

The Township is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Pension Deferral</u>	<u>Paid by Township</u>
2014	\$144,067.00	\$215,403.00	\$359,470.00	\$32,875.00	\$392,345.00
2013	245,057.00	284,785.00	529,842.00	32,022.00	561,864.00
2012	277,284.00	280,158.00	557,442.00	31,790.00	589,232.00

Pension Deferral – Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The payments were due on April 1, 2009 (with a grace period until April 30). Repayments began April of 2012 over a 15 year period. The amount will fluctuate based on pension system investment earnings on the deferred amount.

The Township applied for and received approval from the Local Finance Board to defer a portion of the 2009 liability due for both PERS and PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (“DCRP”) is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township’s contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Township’s contributions were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Funded by Township</u>
2014	\$ 265.10	\$ 265.10
2013	314.55	314.55
2012	260.86	260.86

Note 7: PENSION PLANS (CONT'D)

Early Retirement Incentive Program – Legislation enacted in 2003 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Township's governing body, were available to employees who met certain minimum requirements. The governing body of the Township approved the program on November 25, 2003 for eligible members of the PERS and PFRS systems. Three employees applied for early retirement during the 2003 program. Program costs are billed annually by the Division of Pensions. As of December 31, 2014, the accrued liability to the PERS for the 2003 program was \$221,424.00 payable in annual installments of \$31,632.00 to April 1, 2021 and the accrued liability to the PFRS for the 2003 program was \$227,045.00 payable in annual installments of \$32,435.00 to April 1, 2021.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

Note 8: COMPENSATED ABSENCES

Full-time employees are entitled to paid vacation and sick leave days each year depending upon their length of service with the Township. Unused vacation days and sick leave may be accumulated and carried forward for two years. Vacation days not used within this time period are forfeited. Vacation time unused at termination is reimbursed to the employee at their current rate of pay. Unused sick leave may be accumulated and carried forward to subsequent years. One half of an employee's accrued sick time is reimbursed to employees only if they meet the requirements of retirement according to the Public Employees' Retirement System or Police and Fireman's Retirement System. Sick time is reimbursed to the employee at their current rate of pay up to a maximum of 62 to 65 days depending on their job classification.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2014, accrued benefits for compensated absences are valued at \$1,010,914.47.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 10: **LEASE OBLIGATIONS**

At December 31, 2014, the Township had lease agreements in effect for the following:

Operating:
 Two (2) Photocopiers
 One (1) Postage Machine

Operating Leases - Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$28,692.00
2016	6,048.00

Rental payments under operating leases for the year 2014 were \$28,692.00.

Note 11: **CAPITAL DEBT****Summary of Debt**

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued</u>			
Bonds and Notes	\$9,623,000.00	\$9,666,028.00	\$10,694,621.82
<u>Authorized but not Issued</u>			
Bonds and Notes	123,500.00	468,000.00	---
Total Issued and Authorized but Not Issued	9,746,500.00	10,134,028.00	10,694,621.82
Deductions:			
Funds Temporarily Held To Pay Debt Service	---	31,807.47	31,807.47
Net Debt	<u>\$9,746,500.00</u>	<u>\$10,102,220.53</u>	<u>\$10,662,814.35</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.753%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$2,202,000.00	\$2,202,000.00	
Regional School District	8,849,056.71	8,849,056.71	
General	9,746,500.00		\$9,746,500.00
	<u>\$20,797,556.71</u>	<u>\$11,051,056.71</u>	<u>\$9,746,500.00</u>

Net Debt \$9,746,500.00 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,293,776,824.00 equals 0.753%.

Note 11: **CAPITAL DEBT (CONT'D)**

Borrowing Power Under N.J.S.A.40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$45,282,188.84
Net Debt	<u>9,746,500.00</u>
Remaining Borrowing Power	<u><u>\$35,535,688.84</u></u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$505,000.00	\$127,275.00	\$632,275.00
2016	545,000.00	111,525.00	656,525.00
2017	595,000.00	94,425.00	689,425.00
2018	640,000.00	75,900.00	715,900.00
2019	985,000.00	56,025.00	741,025.00
2020-21	1,525,000.00	46,425.00	1,571,425.00

Note 12: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>
Federal and State Grant Fund:		
Overexpenditure of Grant Appropriation	\$26,854.09	\$26,854.09
General Capital Fund:		
Overexpenditure of Ordinance Appropriation	29,851.55	29,851.55

The appropriations in the 2015 Budget as adopted are not less than that required by the statutes.

Note 13: **JOINT INSURANCE POOL**

The Township of Franklin is a member of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

Note 13: **JOINT INSURANCE POOL (CONT'D)**

The Fund provides the Township with the following coverage:

Property - Blanket Building and Grounds
 General and Automobile Liability
 Fidelity and Performance Bonds
 Volunteer Emergency Services Liability
 Workers' Compensation
 Crime Coverage

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000 to \$200,000 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2014, which can be obtained from:

Gloucester, Salem, Cumberland Counties
 Municipal Joint Insurance Fund
 P.O. Box 442
 Hammonton, New Jersey 08037

Note 14: **OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST**

On November 2, 1999, pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Franklin authorized the establishment of the Township of Franklin Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2000, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the referendum, the Township levies a tax equal to one cent per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Franklin Open Space, Recreation and Farmland Preservation Trust Funds.

Note 15: **LITIGATION**

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

 Note 16: **SUBSEQUENT EVENTS**

Subsequent to December 31, 2014, the Township of Franklin authorized additional Bonds and Notes as follows:

	<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:			
	Bonds and Notes:		
	Acquisition of Public Works Equipment	Introduced:	\$ 95,000.00
	Township Park Improvements – Phase I	May 26, 2015	190,000.00
	Improvements to Township Roads	Adopted:	190,000.00
	Improvements to Community Center	June 9, 2015	<u>14,250.00</u>
			<u>\$489,250.00</u>

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF FRANKLIN
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2014

		Current Fund
Balance December 31, 2013		\$ 2,322,735.13
Increased by Receipts:		
Tax Collector	\$ 38,050,235.00	
Due from State - Senior Citizens & Veterans	188,850.01	
Federal & State Grants Receivable	317,845.37	
Revenue Accounts Receivable	2,432,669.62	
Miscellaneous Revenue Not Anticipated	119,180.43	
Due Trust Other Fund	43,289.37	
Due Animal Control Fund	21,427.84	
Due to State - Marriage Licenses	1,725.00	
Due to State - DCA Fees	12,962.00	
Reimbursement - 2014 Budget Appropriations	393,835.51	
Reserve for Performance Bonds	7,440.00	
		41,589,460.15
		43,912,195.28
Decreased by Disbursements:		
2013 Appropriation Reserves	343,940.86	
2014 Appropriations	9,656,640.88	
County Taxes	7,838,280.23	
Local District School Tax	9,675,823.00	
Regional High School Tax	11,096,558.00	
Special District Tax	1,816,930.00	
Municipal Open Space Tax	123,996.16	
Refund Overpayments	6,042.70	
Refund of Prior Year Revenue - Totally Disabled Veteran	22,706.70	
Refund of Prior Year Revenue - Other	24,390.00	
Federal & State Grant Expenditures	1,778,264.92	
Change Funds	130.00	
Due to State - Marriage Licenses	1,700.00	
Due to State - DCA Fees	9,867.00	
Due General Capital Fund	149,806.00	
Due Trust Other Fund	11,776.72	
		42,556,853.17
Balance December 31, 2014		\$ 1,355,342.11

TOWNSHIP OF FRANKLIN
 Statement of Current Cash - Collector
 For the Year Ended December 31, 2014

Balance December 31, 2013	\$	72,706.78
Increased by:		
Taxes Receivable	\$	37,817,866.39
Tax Title Liens		183,199.71
Miscellaneous Liens Receivable		700.00
Miscellaneous Accounts Receivable		2,800.00
Prepaid Taxes		395,557.13
Tax Overpayments		72,065.63
Premiums Deposited Into Collector Account - Due Trust Other		1,183,000.00
Revenue Accounts Receivable		232,755.17
Miscellaneous Revenue Not Anticipated		45,647.25
		39,933,591.28
		40,006,298.06
Decreased by:		
Payment to Treasurer		38,050,235.00
Balance December 31, 2014	\$	1,956,063.06

Exhibit SA-3

CURRENT FUND
 Statement of Change Funds
 For the Year Ended December 31, 2014

		Balance December 31, 2014
		150.00
Tax Office	\$	150.00
Construction Code Office		100.00
Municipal Court		100.00
	\$	350.00

TOWNSHIP OF FRANKLIN
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2014

Year	Balance		2014 Levy	Added Taxes	Collections		Senior Citizen and Veteran Deductions	Canceled	Transferred To Tax Title Liens	Balance Dec. 31, 2014
	Dec. 31, 2013	2014 Levy			2013	2014				
2008	\$ 633.40				\$ 633.40					
2010	250.00								\$ 250.00	
2011	4,111.08				2,937.36				1,173.72	
2012	8.74				4.24				4.50	
2013	102,313.26			\$ 27,349.97	46,876.20			\$ 836.72	81,950.31	
	107,316.48	-		27,349.97	-	50,451.20		836.72	83,378.53	
2014		\$ 38,386,711.06		172,066.64	\$ 381,153.91	37,767,415.19	\$ 198,262.57	121,224.89	\$ 71,751.16	18,969.98
	\$ 107,316.48	\$ 38,386,711.06		199,416.61	\$ 381,153.91	37,817,866.39	\$ 198,262.57	122,061.61	\$ 71,751.16	102,348.51

Analysis of 2014 Property Tax Levy

<u>Tax Yield:</u>	
General Property Tax	\$ 38,386,711.06
Added Taxes (54:4-63.1 et. seq.)	172,066.64
	<u>\$ 38,558,777.70</u>
<u>Tax Levy:</u>	
Local School District Tax (Abstract)	\$ 9,851,982.00
Regional High School District Tax (Abstract)	11,191,473.00
County Taxes:	
County Tax (Abstract)	\$ 7,822,651.98
Due County for Added Taxes	36,963.88
Total County Taxes	7,859,615.86
Special District Taxes:	
Fire Districts	1,816,930.00
Municipal Open Space Tax:	
Open Space Tax (Abstract)	123,415.00
Open Space Added Taxes	581.16
Local Tax for Municipal Purposes	123,996.16
Add: Additional Tax Levied	7,555,099.19
	159,681.49
	<u>7,714,780.68</u>
	<u>\$ 38,558,777.70</u>

TOWNSHIP OF FRANKLIN
Statement of Due from State of New Jersey - Veterans and Senior Citizens Deductions
For the Year Ended December 31, 2014

Balance December 31, 2013		\$	5,353.78
Increased by:			
Deductions per Tax Billing:			
Senior Citizen	\$	59,125.00	
Veterans		139,750.00	
Deductions Allowed by Collector - 2014 Taxes		3,500.00	
	\$	202,375.00	
Deductions Disallowed by Collector - 2014 Taxes		4,112.43	
			198,262.57
			203,616.35
Decreased by:			
Received from State of New Jersey		188,850.01	
Deductions Disallowed by Collector - 2013 Taxes		10,250.00	
			199,100.01
Balance December 31, 2014		\$	4,516.34

Exhibit SA-6

TOWNSHIP OF FRANKLIN
Statement of Tax Title Liens
For the Year Ended December 31, 2014

Balance December 31, 2013		\$	505,744.08
Increased by:			
Transfers from Taxes Receivable	\$	71,751.16	
Interest and Costs on Sale		20,012.47	
			91,763.63
			597,507.71
Decreased by:			
Collections			183,199.71
Balance December 31, 2014		\$	414,308.00

TOWNSHIP OF FRANKLIN

Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2014

	Balance Dec. 31, 2013	Accrued in 2014	Collected	Cancelled	Balance Dec. 31, 2014
Licenses:					
Alcoholic Beverages		\$ 15,662.79	\$ 15,662.79		
Other		6,043.00	6,043.00		
Fees and Permits		34,516.83	34,516.83		
Fines and Costs:					
Municipal Court	\$ 15,871.12	219,235.38	218,313.65		\$ 16,792.85
Interest and Costs on Taxes		232,755.17	232,755.17		
Interest on Investments and Deposits		23,146.97	23,146.97		
Consolidated Municipal Property Tax Relief Aid		16,913.00	16,913.00		
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		1,429,243.00	1,429,243.00		
Garden State Trust		5,548.00	5,548.00		
Uniform Construction Code Fees		134,197.00	134,197.00		
Ambulance Service Fees		315,772.25	315,772.25		
Township of Buena - Joint Municipal Court		80,000.00	80,000.00		
Uniform Fire Safety Act		31,779.54	31,779.54		
Cable Television and Franchise Fees	70,167.04		48,559.46	\$ 21,607.58	
Building Lease - Delsea Regional Board of Education		29,166.66	29,166.66		
Contribution from Delsea Regional High School for Security Reserve for Debt Service		12,000.00	12,000.00		
		31,807.47	31,807.47		
	\$ 86,038.16	\$ 2,617,787.06	\$ 2,665,424.79	\$ 21,607.58	\$ 16,792.85
Current Fund - Treasurer			\$ 2,432,669.62		
Current Fund - Collector			232,755.17		
			\$ 2,665,424.79		

TOWNSHIP OF FRANKLIN
Statement of Appropriation Reserves
For the Year Ended December 31, 2014

	Balance December 31, 2013		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
Operations Within "CAP":					
General Administration:					
Salaries and Wages		\$ 23,153.13	\$ 23,153.13		\$ 23,153.13
Other Expenses	\$ 2,819.01	14,017.70	16,836.71	\$ 2,819.01	14,017.70
Human Resources (Personnel):					
Other Expenses		20,977.41	20,977.41		20,977.41
Mayor and Council:					
Other Expenses		999.00	999.00		999.00
Municipal Clerk:					
Salaries and Wages		5,205.99	5,205.99		5,205.99
Other Expenses	149.90	3,173.28	3,323.18	689.69	2,633.49
Financial Administration:					
Salaries and Wages		2,095.49	2,095.49		2,095.49
Other Expenses	699.53	15,258.81	15,958.34	1,159.51	14,798.83
Audit Services					
Other Expenses		3,109.15	3,109.15	3,000.00	109.15
Centralized Computerized Data Processing					
Other Expenses		6,133.99	6,133.99	120.00	6,013.99
Revenue Administration - Tax Collection:					
Salaries and Wages		224.91	224.91		224.91
Other Expenses		659.26	659.26		659.26
Tax Assessment Administration:					
Salaries and Wages		5,000.00	5,000.00		5,000.00
Legal Services:					
Other Expenses	5,462.46	26,754.49	32,216.95	28,962.49	3,254.46
Engineering Services:					
Other Expenses (Fees)		39,759.06	37,259.06	1,500.00	35,759.06
Historical Commission					
Salaries and Wages		300.00	300.00		300.00
Other Expenses		639.63	639.63		639.63
Land Use and Development:					
Salaries and Wages		56.12	56.12		56.12
Other Expenses	41.04	2,348.43	2,389.47	304.04	2,085.43
Zoning Board of Adjustment:					
Salaries and Wages		163.67	163.67		163.67
Other Expenses		130.00	130.00		130.00
Insurance:					
Liability Insurance		8,163.50	8,163.50		8,163.50
Workers' Compensation		9,733.85	9,733.85		9,733.85
Employee Group Insurance		108,572.23	108,572.23	77,116.00	31,456.23
Health Waiver Benefit		15,000.00	15,000.00		15,000.00
Police Department:					
Salaries and Wages		46,720.06	46,720.06		46,720.06
Other Expenses	61,447.14	6,940.55	68,387.69	65,618.78	2,768.91
Office Of Emergency Management:					
Other Expenses		1,723.75	1,723.75		1,723.75
Aid to Volunteer Ambulance Companies:					
Other Expenses	14,722.40	1,268.12	15,990.52	15,990.52	
Streets and Roads:					
Salaries and Wages		10,046.85	10,046.85		10,046.85
Other Expenses	9,832.83	8,781.96	18,614.79	11,438.62	7,176.17
Vehicle Maintenance:					
Other Expenses	7,538.56	2,215.77	9,754.33	9,649.03	105.30

(Continued)

TOWNSHIP OF FRANKLIN
Statement of Appropriation Reserves
For the Year Ended December 31, 2014

	Balance December 31, 2013		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
Operations Within "CAP" (Cont'd):					
Solid Waste Collection:					
Salaries and Wages		\$ 5,543.38	\$ 5,543.38		\$ 5,543.38
Other Expenses	\$ 46,362.00	32,010.45	78,372.45	\$ 74,709.50	3,662.95
Buildings and Grounds:					
Other Expenses	5,645.39	998.59	6,643.98	6,472.91	171.07
Public Health Services:					
Salaries and Wages		528.20	528.20		528.20
Other Expenses	1,021.60	1,701.61	2,723.21	1,021.60	1,701.61
Recreation Services and Programs:					
Salaries and Wages		5,906.75	5,906.75		5,906.75
Other Expenses	1,890.00	1,910.61	3,800.61	1,890.00	1,910.61
Community Center					
Salaries and Wages		43.00	43.00		43.00
Other Expenses		906.92	906.92	63.18	843.74
Environmental Health Commission					
Other Expenses		225.21	225.21		225.21
Cable Television Commission					
Salaries and Wages		1,030.00	1,030.00		1,030.00
Other Expenses		881.80	881.80		881.80
Maintenance of Parks:					
Other Expenses	330.00	10,592.06	10,922.06	330.00	10,592.06
Agricultural Board:					
Other Expenses		500.00	500.00		500.00
Utility Expenses and Bulk Purchases:					
Electricity		19,938.89	19,938.89	4,543.04	15,395.85
Street Lighting		13,066.72	13,066.72	9,498.96	3,567.76
Telephone	1,653.07	7,483.32	9,136.39	2,052.81	7,083.58
Gas (Natural or Propane)		60,080.59	60,080.59	2,519.01	57,561.58
Fuel Oil		34,148.66	34,148.66		34,148.66
Gasoline	3,175.80	43,634.25	46,810.05	3,175.80	43,634.25
Landfill / Solid Waste Disposal Costs:					
Tipping Fees	1,959.50	88,494.36	90,453.86	1,959.50	88,494.36
Construction Official:					
Salaries and Wages		337.91	337.91		337.91
Other Expenses		915.09	915.09	133.02	782.07
Fire Protection Official:					
Salaries and Wages		82.44	82.44		82.44
Other Expenses	1,999.30	252.83	2,252.13	2,005.30	246.83
Municipal Court:					
Salaries and Wages		1,242.33	1,242.33		1,242.33
Other Expenses	1,171.60	7,090.41	8,262.01	1,844.12	6,417.89
Public Defender					
Other Expenses		494.04	494.04		494.04
Contribution to:					
Social Security System (O.A.S.I.)		45,290.27	45,290.27		45,290.27
Unemployment Insurance		5,457.93	5,457.93		5,457.93
Defined Contribution Retirement Program		685.45	685.45		685.45
Total General Appropriations for Municipal Purposes Within "CAP"					
	<u>167,921.13</u>	<u>780,800.23</u>	<u>946,221.36</u>	<u>330,586.44</u>	<u>615,634.92</u>

(Continued)

TOWNSHIP OF FRANKLIN
Statement of Appropriation Reserves
For the Year Ended December 31, 2014

	Balance December 31, 2013		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbered	Reserved			
Operations Excluded from "CAP":					
INSURANCE:					
Employee Group Insurance		\$ 12,058.04	\$ 12,058.04		\$ 12,058.04
Maintenance of Free Public Library	\$ 131.25	19,715.31	19,846.56	\$ 1,443.70	18,402.86
Joint Municipal Court - Buena Township:					
Salaries and Wages		25,781.74	25,781.74		25,781.74
Other Expenses		11,100.00	11,100.00		11,100.00
Emergency Medical Services Staffing:					
Other Expenses		15,467.10	17,967.10	17,352.00	615.10
Total Operations - Excluded from "CAPS"	<u>131.25</u>	<u>84,122.19</u>	<u>86,753.44</u>	<u>18,795.70</u>	<u>67,957.74</u>
Total General Appropriations for Municipal Purposes Excluded from "CAP"	<u>131.25</u>	<u>84,122.19</u>	<u>86,753.44</u>	<u>18,795.70</u>	<u>67,957.74</u>
Other accounts - no change			-		-
Grand Total	<u>\$ 168,052.38</u>	<u>\$ 864,922.42</u>	<u>\$ 1,032,974.80</u>	<u>\$ 349,382.14</u>	<u>\$ 683,592.66</u>
				\$ 343,940.86	
				<u>5,441.28</u>	
				<u>\$ 349,382.14</u>	

TOWNSHIP OF FRANKLIN
Statement of Accounts Payable
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	18,937.94
Increased by:		
2013 Appropriations Reserves		5,441.28
Balance December 31, 2014	\$	24,379.22

Exhibit SA-10

TOWNSHIP OF FRANKLIN
Statement of Due State - DCA Fees
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	2,466.00
Increased by:		
DCA Fees Collected		12,962.00
		15,428.00
Decreased by:		
Disbursements		9,867.00
Balance December 31, 2014	\$	5,561.00

Exhibit SA-11

TOWNSHIP OF FRANKLIN
Statement of Due State - Marriage License Fees
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	375.00
Increased by:		
Fees Collected		1,725.00
		2,100.00
Decreased by:		
Disbursements		1,700.00
Balance December 31, 2014	\$	400.00

TOWNSHIP OF FRANKLIN
Statement of Prepaid Taxes
For the Year Ended December 31, 2014

Balance December 31, 2013 (2014 Taxes)		\$ 381,153.91
Increased by:		
Collection (2015 Taxes)		<u>395,557.13</u>
		776,711.04
Decreased by:		
Application to 2014 Taxes		<u>381,153.91</u>
Balance December 31, 2014 (2015 Taxes)		<u><u>\$ 395,557.13</u></u>

Exhibit SA-13

TOWNSHIP OF FRANKLIN
Statement of Tax Overpayments
For the Year Ended December 31, 2014

Balance December 31, 2013		\$ 90,157.89
Increased by:		
Overpayments - Cash	\$ 72,065.63	
Overpayments - Tax Appeals	<u>25,168.90</u>	
		<u>97,234.53</u>
		187,392.42
Decreased by:		
Refunds		<u>6,042.70</u>
Balance December 31, 2014		<u><u>\$ 181,349.72</u></u>

TOWNSHIP OF FRANKLIN
Statement of Municipal Open Space Taxes Payable
For the Year Ended December 31, 2014

Increased by:

2014 Levy - Calendar Year

Municipal Open Space Taxes
Added Taxes

\$ 123,415.00
581.16

\$ 123,996.16

Decreased by:

Disbursements

\$ 123,996.16

Exhibit SA-15

TOWNSHIP OF FRANKLIN
Statement of Special District Taxes
For the Year Ended December 31, 2014

Increased by:

Levy 2014

\$ 1,816,930.00

Decreased by:

Disbursements

\$ 1,816,930.00

TOWNSHIP OF FRANKLIN
Statement of County Taxes Payable
For the Year Ended December 31, 2014

Balance December 31, 2013		\$ 15,628.25
Increased by:		
2014 Levy -		
County General	\$ 7,313,432.12	
County Open Space	509,219.86	
County Share of 2014 Added & Omitted Tax Levy	36,963.88	
		7,859,615.86
		7,875,244.11
Decreased by:		
Disbursements		7,838,280.23
Balance December 31, 2014		\$ 36,963.88

Exhibit SA-17

TOWNSHIP OF FRANKLIN
Statement of Local School District Tax
For the Year Ended December 31, 2014

Balance December 31, 2013 (Prepaid)		\$ (78,468.02)
Increased by:		
Levy 2014		9,851,982.00
		9,773,513.98
Decreased by:		
Disbursements		9,675,823.00
Balance December 31, 2014		\$ 97,690.98

TOWNSHIP OF FRANKLIN
Statement of Regional High School District Tax
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	39,867.63
Increased by:		
Levy -- Calendar Year		<u>11,191,473.00</u>
		11,231,340.63
Decreased by:		
Disbursements		<u>11,096,558.00</u>
Balance December 31, 2014		<u><u>134,782.63</u></u>

Exhibit SA-19

TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
Statement Due Current Fund
For the Year Ended December 31, 2014

December 31, 2013 (Due From)	\$	79,116.00
Increased by:		
Grant Receipts Deposited into Current Fund		<u>317,845.37</u>
		396,961.37
Decreased by:		
Grant Fund Expenditures Disbursed by Current Fund		<u>1,778,264.92</u>
Balance December 31, 2014 (Due To)	\$	<u><u>1,381,303.55</u></u>

TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2014

	Balance Dec. 31, 2013	Accrued	Received	Balance Dec. 31, 2014
Federal Grants:				
Bulletproof Vest Fund	\$ 9,057.89			\$ 9,057.89
Community Development Block Grant:				
Prior Year Grant	995.30			995.30
New Jersey Avenue and Maple Avenue Road Project		50,000.00		50,000.00
Soil Vapor Extraction System		50,000.00		50,000.00
New Jersey Department of Transportation Fund:				
Reconstruction of Grant Avenue	300,000.00		184,875.00	115,125.00
Reconstruction of Weymouth Road - Phase III	269,066.25		41,607.86	227,458.39
US Department of Commerce - EDA Grant	1,455,000.00			1,455,000.00
Total Federal Grants	2,034,119.44	100,000.00	226,482.86	1,907,636.58
State Grants:				
Recycling Tonnage Grant		20,425.20	20,425.20	
Body Armor Fund		2,507.38	2,507.38	
Clean Communities Program	773.59	39,871.68	39,871.68	773.59
Municipal Alliance Grant	17,556.50	4,820.50	22,377.00	
Emergency Management Assistance Program	5,000.00			5,000.00
Gloucester County Improvement Authority	500.00			500.00
Total State Grants	23,830.09	67,624.76	85,181.26	6,273.59
Private Grants				
ANJEC Grant - Environmental Commission		1,500.00		1,500.00
JIF Safety Incentive Program		6,190.00	6,181.25	8.75
Total Private Grants	-	7,690.00	6,181.25	1,508.75
	\$ 2,057,949.53	\$ 175,314.76	\$ 317,845.37	\$ 1,915,418.92

TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
 Statement of Reserve For Federal and State Grants - Appropriated
 For the Year Ended December 31, 2014

Program	Balance Dec. 31, 2013	Encumbered	Transferred From 2014 Budget Appropriation	Disbursed	Encumbered	Balance Dec. 31, 2014	Overexpenditure
Federal Grants:							
Bulletproof Vest Funds	\$ 8,826.89					\$ 8,826.89	
Community Development Block Grant:							
Prior Year Grant	995.30					995.30	
New Jersey Avenue and Maple Avenue Road Project		\$ 50,000.00				50,000.00	
Soil Vapor Extraction System		50,000.00				50,000.00	
New Jersey Department of Transportation Fund:			\$	259,777.55		32,722.45	
Reconstruction of Grant Avenue	292,500.00					230,537.27	
Reconstruction of Weymouth Road - Phase III	230,537.27					230,537.27	
US Department of Commerce - EDA Grant		\$ 1,455,000.00		1,455,000.00			
Total Federal Grants	<u>532,859.46</u>	<u>1,455,000.00</u>	<u>100,000.00</u>	<u>1,714,777.55</u>	<u>-</u>	<u>373,081.91</u>	<u>-</u>
State Grants:							
Alcohol, Education, Rehabilitation and Enforcement Grant							
Municipal Court - Salaries and Wages	6.36		738.85			745.21	
Body Armor Grant			4,774.37			4,774.37	
Clean Communities Program	40,290.09		39,871.68	18,644.98		61,516.79	
Drunk Driving Enforcement Fund - Police	9,475.71		1,025.30	1,740.65	165.00	8,595.36	
Emergency Management Fund Grant	2,550.64					2,550.64	
Municipal Alliance Grant							
State Share	5,370.81			24,835.79	7,389.11		\$ 26,854.09
Municipal Share	3,054.00			3,054.00			
Recycling Tonnage Grant	12,874.98	3,115.00	20,944.56	5,130.00	7,014.30	24,790.24	
Total State Grants	<u>73,622.59</u>	<u>3,115.00</u>	<u>67,354.76</u>	<u>53,405.42</u>	<u>14,568.41</u>	<u>102,972.61</u>	<u>26,854.09</u>
Private Grants:							
Assoc of NJ Environmental Commissioners			1,500.00	480.00		1,020.00	
JIF Safety Incentive Program	4,271.78		6,190.00	9,601.95		859.83	
Total Private Grants	<u>4,271.78</u>	<u>-</u>	<u>7,690.00</u>	<u>10,081.95</u>	<u>-</u>	<u>1,879.83</u>	<u>-</u>
	<u>\$ 610,753.83</u>	<u>\$ 1,458,115.00</u>	<u>\$ 175,044.76</u>	<u>\$ 1,778,264.92</u>	<u>\$ 14,568.41</u>	<u>\$ 477,934.35</u>	<u>\$ 26,854.09</u>
Budget Appropriation			\$ 31,401.70				
Appropriated by NJSA 40A:4-87			<u>143,643.06</u>				
			<u>\$ 175,044.76</u>				

TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
 Statement of Reserve for Federal and State Grants - Unappropriated
 For the Year Ended December 31, 2014

<u>Program</u>	<u>Balance Dec. 31, 2013</u>	<u>Federal and State Grants Receivable</u>	<u>Realized as Revenue in 2014 Budget</u>	<u>Balance Dec. 31, 2014</u>
Federal Grants:				
Community Development Block Grant:				
New Jersey Avenue and Maple Avenue Road Project	\$	50,000.00	\$ 50,000.00	
Soil Vapor Extraction System		50,000.00	50,000.00	
Total Federal Grants	-	100,000.00	100,000.00	-
State Grants:				
Alcohol Education, Rehabilitation and Enforcement Fund	\$ 738.85		738.85	
Body Armor Fund	2,502.99	2,507.38	4,774.37	\$ 236.00
Municipal Alliance Grant		4,820.50		4,820.50
Clean Communities Program	1,025.30	39,871.68	39,871.68	
Drunk Driving Enforcement Fund	10,000.00		1,025.30	10,000.00
Environmental Grant	20,944.56	20,425.20	20,944.56	20,425.20
Recycling Tonnage Grant				
Total State Grants	35,211.70	67,624.76	67,354.76	35,481.70
Other Grants:				
Assoc. of NJ Environmental Commissioners		1,500.00	1,500.00	
JIF Safety Incentive Program		6,190.00	6,190.00	
	-	7,690.00	7,690.00	-
	<u>\$ 35,211.70</u>	<u>\$ 175,314.76</u>	<u>\$ 175,044.76</u>	<u>\$ 35,481.70</u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF FRANKLIN
TRUST FUND

Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2014

	Animal Control	Trust Other	Municipal Open Space
Balance December 31, 2013	\$ 74,749.04	\$ 1,246,696.08	\$ 312,145.10
Increased by Receipts:			
Animal Control License Fees	\$ 27,004.40		
Due to/from Current Fund		\$ 11,776.72	
Due to State of New Jersey - Animal Control	7,023.60		\$ 247.68
Interest Earned on Deposits			\$ 123,996.16
Open Space Tax Levy & Added and Omitted Reserves - Trust Other Fund	4,076,756.73		
	<u>34,028.00</u>	<u>4,088,533.45</u>	<u>124,243.84</u>
	108,777.04	5,335,229.53	436,388.94
Decreased by Disbursements:			
Animal Control Expenditures Under R.S. 4:19-15.11	11,413.62		
Due General Capital Fund		4,880.00	
Due Current Fund	21,427.84	43,289.37	
Due to State of New Jersey - Animal Control	7,026.00		
Disbursed by Trust			104,187.82
Reserves - Trust Other Fund		4,522,261.83	
	<u>39,867.46</u>	<u>4,570,431.20</u>	<u>104,187.82</u>
Balance December 31, 2014	\$ <u>68,909.58</u>	\$ <u>764,798.33</u>	\$ <u>332,201.12</u>

TOWNSHIP OF FRANKLIN
TRUST FUND
Statement of Due to Current Fund - Animal Control Fund
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	21,427.84
Increased by:		
Statutory Excess Due Current Fund		14,937.18
		36,365.02
Decreased by:		
Cash Disbursements		21,427.84
Balance December 31, 2014	\$	14,937.18

Exhibit SB-3

TOWNSHIP OF DEPTFORD
TRUST FUND
Statement of Due to State of New Jersey - Department of Health
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	3.60
Increased by:		
2014 State License Fees Received		7,023.60
		7,027.20
Decreased by:		
Disbursements to State of New Jersey		7,026.00
Balance December 31, 2014	\$	1.20

TOWNSHIP OF FRANKLIN
TRUST FUND
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2014

Balance December 31, 2013		\$ 53,417.60
Increased by:		
Dog License Fees Collected	\$ 21,323.40	
Dog License Late Fees	5,586.00	
Dog Kennel Fees	95.00	
		27,004.40
		80,422.00
Decreased by:		
Expenditures Under R.S. 4:19-15.11	11,413.62	
Statutory Excess Due Current Fund	14,937.18	
		26,350.80
Balance December 31, 2014		\$ 54,071.20

License Fees Collected	
Year	Amount
2012	\$ 26,128.20
2013	27,943.00
	\$ 54,071.20

TOWNSHIP OF FRANKLIN
TRUST OTHER FUND

Statement of Due (To)/From Current Fund
 For the Year Ended December 31, 2014

	Balance Dec. 31, 2013	Increased by		Decreased by		Balance Dec. 31, 2014
		Received in Current Fund	Deferred Charge Raised in Current Fund	Disbursed to Current Fund	Receipts	
Bureau of Fire Prevention - Penalties	\$ (6,958.79)		\$ 6,957.41			\$ (1.38)
Other	(1,472.33)					(1,472.33)
Payroll Deductions Payable	(42,291.93)		\$ 43,279.55	\$ 43,279.55	\$ 11,776.72	(10,789.10)
Public Defender	(554.59)			4.59		(550.00)
Recreation Commission	(39.89)					(39.89)
Recreation Facilities	(5.23)			5.23		-
Site Plan Review Escrow	(58,770.78)					(58,770.78)
Tax Title Liens Redemptions	(4,576.42)					(4,576.42)
Tax Sale Premiums		\$ 1,183,000.00				1,183,000.00
	\$ (114,669.96)	\$ 1,183,000.00	\$ 6,957.41	\$ 43,289.37	\$ 11,776.72	\$ 1,106,800.10

TOWNSHIP OF FRANKLIN
TRUST - OTHER FUND
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2014

	Balance Dec. 31, 2013	Prior Year		Increased by		Decreased by		Balance Dec. 31, 2014
		Encumbrances Liquidated		Receipts	Current Fund	Disbursements		
Ambulance Corporation	\$ 33,730.31		\$	25,040.23		\$	25,755.34	\$ 33,015.20
Community Policing	399.11							399.11
Community Fund	30.00							30.00
Firemen's Park	4,000.00							4,000.00
Flags and Videos	690.00							690.00
Historical Society	2,493.00							2,493.00
Municipal Alliance for Drug and Alcohol Abuse	160.00						1,860,574.16	160.00
Payroll Deductions Payable	116,425.30			1,861,211.30				637.14
Performance Bond	147.73			586.67				117,011.97
P.O.A.A.	4,510.40			2.00				149.73
Police Canine Unit	19,169.32							4,510.40
Police Forfeited Funds	10,395.00			986.92				20,156.24
Public Defender	33,637.42			3,448.00				13,843.00
Recreation Commission	7,441.69			38,562.02			36,888.94	35,310.50
Recreation Facilities	36,000.00							7,441.69
Senior Citizens	182,789.10		\$	132,878.30			116,980.02	36,000.00
Site Plan Review Escrow	640,821.36			2,014,041.29		\$	2,482,063.37	209,539.64
Tax Title Liens Redemptions/Premiums	2,176.53							1,355,799.28
Train Station Donations								2,176.53
	\$ 1,095,016.27	\$	10,852.26	\$ 4,076,756.73	\$	1,183,000.00	\$ 4,522,261.83	\$ 1,843,363.43

TOWNSHIP OF FRANKLIN
TRUST FUND
Statement of Reserve For Municipal Open Space
For the Year Ended December 31, 2014

Balance December 31, 2013	\$ 309,488.74
Increased by:	
2014 Revenue Realized	<u>124,243.84</u>
	433,732.58
Decreased by:	
2014 Budget Appropriations	<u>124,000.00</u>
Balance December 31, 2014	<u><u>\$ 309,732.58</u></u>

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of General Capital Cash - Chief Financial Officer
For the Year Ended December 31, 2014

Balance December 31, 2013		\$ 1,429,600.72
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 468,000.00	
Due Current Fund	149,810.49	
Due from Recreation Facilities Trust Fund	4,880.00	
Capital Improvement Fund	<u>60,000.00</u>	
		<u>682,690.49</u>
		2,112,291.21
Decreased by Disbursements:		
Improvement Authorizations	542,616.58	
Anticipated as Current Fund Revenue		
Reserve for Payment of Debt	31,807.47	
Due from Current Fund	5,420.00	
Contracts Payable	<u>689,150.01</u>	
		<u>1,268,994.06</u>
Balance December 31, 2014		<u><u>\$ 843,297.15</u></u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2014

	Balance Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 5,856.75							\$ 5,856.75
Capital Improvement Fund	12,000.00		60,000.00			6,500.00		65,500.00
Contracts Payable	1,050,115.06				689,150.01		6,770.00	367,735.05
Due from State of New Jersey	(141,486.11)							(141,486.11)
Due Current Fund	(149,806.00)		149,810.49		5,420.00			(5,415.51)
Due from Federal and State Grant Fund	(32,985.00)							(32,985.00)
Due from Recreation Trust Fund	(28,235.00)							(28,235.00)
Due From Recreation Facilities Trust Fund	(4,880.00)							
Deferred Charge - Overexpenditure						29,851.55		(29,851.55)
Reserve for Debt Service	31,807.47				31,807.47			
Reserve for Encumbrances							34,279.27	34,279.27
Improvement Authorizations:								
<u>Ordinance</u>								
<u>Number</u>								
25-05/15-14 Various Improvements	288,124.24							288,124.24
26-08/15-14 Various Improvements	143,366.33			\$ 100,772.38				42,593.95
18-11 Purchase Automated Trash and Recycling Cans	26,387.50							26,387.50
18-11 Construction of Certain Road Improvements	36,345.10	\$ 278,000.00		337,292.38		6,904.27	29,851.55	9,000.00
18-11 Purchase Various Radios and Equipment	9,000.00							9,000.00
18-11 Purchase Ambulance with Related Equipment	10,000.00	190,000.00		2,891.66				197,108.34
18-11 Improvements to Public Building and Grounds	41,320.20			2,961.00				38,359.20
18-11 Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	131,989.42			75,544.66		34,145.00		22,299.76
04-13 Acquisition of Equipment for Police	680.76							680.76
14-14 Const. of a Venting System for the Landfill				23,154.50			6,500.00	(16,654.50)
	<u>\$ 1,429,600.72</u>	<u>\$ 468,000.00</u>	<u>\$ 214,690.49</u>	<u>\$ 542,616.58</u>	<u>\$ 726,377.48</u>	<u>\$ 77,400.82</u>	<u>\$ 77,400.82</u>	<u>\$ 843,297.15</u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	4,955,000.00
Decreased by:		
Budget Appropriation to Pay:		
General Serial Bonds		460,000.00
Balance December 31, 2014	\$	4,495,000.00

Exhibit SC-4

GENERAL CAPITAL FUND
Statement of Due From Current Fund
For the Year Ended December 31, 2014

Balance December 31, 2013	\$	149,806.00
Increased by:		
Disbursements		5,420.00
		155,226.00
Decreased by:		
Receipts		149,810.49
Balance December 31, 2014	\$	5,415.51

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2014

Ordinance Number	Improvement Description	Balance Dec. 31, 2013	2014 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2014	Financed by Notes	Analysis of Balance Dec. 31, 2014	
							Expended	Unexpended Improvement Authorization
25-08/15-14	Various Capital Improvements	\$ 918,278.00	\$	\$ 51,028.00	\$ 867,250.00	\$ 867,250.00		
26-08/15-14	Various Capital Improvements	460,750.00			460,750.00	460,750.00		
18-11	Various Capital Improvements							
	Purchase Dump Trucks with Snow Attachments	384,750.00			384,750.00	384,750.00		
	Purchase Automated Trucks for Recycling Services	551,000.00			551,000.00	551,000.00		
	Purchase Automated Trash and Recycling Cans	318,725.00			318,725.00	318,725.00		
	Construction of Certain Road Improvements	760,475.00			760,475.00	760,475.00		
	Purchase Various Radios and Equipment	8,550.00			8,550.00	8,550.00		
	Purchase Hot Box for Asphalt Storage	19,000.00			19,000.00	19,000.00		
	Purchase Ambulance with Related Equipment	190,000.00			190,000.00	190,000.00		
	Improvements to Public Buildings and Grounds	142,500.00			142,500.00	142,500.00		
	Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	1,425,000.00			1,425,000.00	1,425,000.00		
14-14	Construction of a Venting System for the Landfill		\$ 123,500.00		123,500.00		\$ 16,654.50	\$ 106,845.50
		\$ 5,179,028.00	\$ 123,500.00	\$ 51,028.00	\$ 5,251,500.00	\$ 5,128,000.00	\$ 16,654.50	\$ 106,845.50

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Contracts Payable
 For the Year Ended December 31, 2014

Balance December 31, 2013	\$	1,050,115.06
Increased by:		
Improvement Authorizations - Change Order		6,770.00
		1,056,885.06
Decreased by:		
Disbursements		689,150.01
Balance December 31, 2014	\$	367,735.05

Exhibit SC-7

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Capital Improvement Fund
 For the Year Ended December 31, 2014

Balance December 31, 2013	\$	12,000.00
Increased by:		
Budget Appropriation		60,000.00
		72,000.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		6,500.00
Balance December 31, 2014	\$	65,500.00

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2014

Ordinance Number	Improvement Description	Date	Ordinance Amount		Balance December 31, 2013		2014 Authorizations	Paid or Charged	Balance December 31, 2014		Overexpended	
					Funded	Unfunded			Funded	Unfunded		
25-08	Acquisition of Replacement Trash Truck	6/12/08	\$	1,087,000			(288,124.24)					
15-14	Supplemental Environmental Cleanup	6/24/14		288,124	\$	288,124.24	288,124.24			\$	288,124.24	
26-08	Supplemental Environmental Cleanup	8/26/08		485,000			(143,366.33)					
15-14	Construction of a Venting System for the Landfill	6/24/14		143,366		143,366.33	143,366.33	\$	100,772.38		42,593.95	
18-11	Various Capital Improvements											
	Purchase Dump Trucks with Snow Attachments	12/13/11		393,000								
	Purchase Automated Trash and Recycling Cans	12/13/11		335,500.00		26,387.50					26,387.50	
	Construction of Certain Road Improvements	12/13/11		800,500.00		314,345.10						
	Purchase Various Radios and Equipment	12/13/11		9,000.00	\$	8,550.00						
	Purchase Ambulance with Related Equipment	12/13/11		200,000.00		190,000.00		\$	450.00		8,550.00	
	Improvements to Public Buildings and Grounds	12/13/11		150,000.00		41,320.20			7,108.34		190,000.00	
	Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	12/13/11		1,500,000.00		131,989.42			2,961.00		38,359.20	
04-13	Acquisition of Equipment for Public Works	2/26/13		187,609.92								
	Acquisition of Equipment for Police	2/26/13		153,030.00		680.76			680.76			
14-14	Construction of a Venting System for the Landfill	6/24/14		130,000.00			130,000.00		23,154.50		106,845.50	
			\$	11,130.76	\$	1,144,082.79	\$	130,000.00	\$	8,239.10	\$	723,160.15
	Capital Improvement Fund						6,500.00					
	Deferred Charges to Future Taxation - Unfunded						123,500.00					
	Cash Disbursements							\$	542,616.58			
	Contracts Payable								6,770.00			
	Encumbrances Payable								34,279.27			
			\$		\$		130,000.00	\$	583,665.85	\$	29,851.55	

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2014

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount	Dec. 31, 2014				
2012 Advancing Refunding Bonds	8/22/12	\$ 5,445,000.00	5/1/15	\$ 505,000.00		3.00%			
			5/1/16	545,000.00		3.00%			
			5/1/17	595,000.00		3.00%			
			5/1/18	640,000.00		3.00%			
			5/1/19	685,000.00		3.00%			
			5/1/20	740,000.00		3.00%			
			5/1/21	785,000.00		3.00%	\$ 4,955,000.00	\$ 460,000.00	\$ 4,495,000.00
							\$ 4,955,000.00	\$ 460,000.00	\$ 4,495,000.00

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Bonds and Notes Authorized but Not Issued
 For the Year Ended December 31, 2014

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2013</u>	<u>2014 Authorizations</u>	<u>Issued</u>	<u>Balance Dec. 31, 2014</u>
18-11	Various Capital Improvements	\$ 468,000.00		\$ 468,000.00	
14-14	Venting System for Landfill		\$ 123,500.00		\$ 123,500.00
		<u>\$ 468,000.00</u>	<u>\$ 123,500.00</u>	<u>\$ 468,000.00</u>	<u>\$ 123,500.00</u>

SUPPLEMENTAL EXHIBITS

PUBLIC ASSISTANCE FUND

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND
Statement of Public Assistance Cash
For the Year Ended December 31, 2014

Balance December 31, 2013	\$ 3,209.44
Increased by Receipts:	.
Due to Current Fund - Interest Earnings	<u>16.03</u>
	3,225.47
Decreased by Disbursements:	
Transferred to Current	<u>16.03</u>
Balance December 31, 2014	<u><u>\$ 3,209.44</u></u>

TOWNSHIP OF FRANKLIN
PART 2
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Franklin
Franklinville, New Jersey 08322

Report on Compliance for Each Major Federal Program

We have audited the Township of Franklin's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2014. The Township's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on Each Major Federal Program

In our opinion, the Township of Franklin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for fiscal year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Township of Franklin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Franklin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 25, 2015

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Township of Franklin
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Year Ended December 31, 2014

<u>Federal Grantor /Pass-through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Federal Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
<u>Department of Transportation</u>					
State Aid-- 1984 New Jersey- Transportation Trust					
Fund Authority Act--Municipal Aid Program: (Direct)					
Reconstruction of Grant Avenue	20.205	078-6320-480	\$ 300,000.00	1/1/2013	Completion
Reconstruction of Weymouth Road - Phase III	20.205	078-6320-480	430,000.00	1/1/2012	Completion
Total U.S. Department of Transportation					
<u>Department of Commerce</u>					
Economic Development Authority Grant	11.300	01-01-04164	1,455,000.00	6/11/2013	Completion
Total U.S. Department of Commerce					
Total Federal Awards					

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

<u>Balance</u> <u>1/1/2014</u>	<u>Revenues</u> <u>Realized</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/2014</u>	<u>(Memo Only)</u>	
					<u>Cash</u> <u>Received</u>	<u>Accumulated</u> <u>Expenditures</u>
\$ (7,500.00)	\$ 184,875.00	\$ (259,777.55)		\$ (82,402.55)	\$ 184,875.00	\$ (267,277.55)
<u>(38,528.98)</u>	<u>41,607.86</u>			<u>3,078.88</u>	<u>202,541.61</u>	<u>(199,462.73)</u>
<u>(46,028.98)</u>	<u>226,482.86</u>	<u>(259,777.55)</u>	<u>-</u>	<u>(79,323.67)</u>	<u>387,416.61</u>	<u>(466,740.28)</u>
		<u>(1,455,000.00)</u>		<u>(1,455,000.00)</u>		<u>(1,455,000.00)</u>
<u>-</u>	<u>-</u>	<u>(1,455,000.00)</u>	<u>-</u>	<u>(1,455,000.00)</u>	<u>-</u>	<u>(1,455,000.00)</u>
<u>\$ (46,028.98)</u>	<u>\$ 226,482.86</u>	<u>\$ (1,714,777.55)</u>	<u>-</u>	<u>\$ (1,534,323.67)</u>	<u>\$ 387,416.61</u>	<u>\$ (1,921,971.28)</u>

TOWNSHIP OF FRANKLIN
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Note 1: **GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Township of Franklin, County of Gloucester, State of New Jersey. The Township is defined in the Notes to the Financial Statements, Note 1.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements. Expenditures from awards are reported in the Township's financial statements as follows:

<u>Fund</u>	<u>Federal</u>
Federal and State Grant Fund	\$1,714,777.55

Note 4: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

TOWNSHIP OF FRANKLIN
PART 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued _____ QUALIFIED _____

Internal control over financial reporting:

Material weakness(es) identified? ___X___ yes ___ no

Significant deficiency(ies) identified? ___X___ yes ___ none reported

Noncompliance material to financial statements noted? ___ yes ___X___ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes ___X___ no

Significant deficiency(ies) identified? ___ yes ___X___ none reported

Type of auditor's report issued on compliance for major programs _____ UNMODIFIED _____

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ___ yes ___X___ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.300	Economic Development Authority Grant

Dollar threshold used to determine Type A programs _____ \$300,000.00 _____

Auditee qualified as low-risk auditee? ___ yes ___X___ no

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

N/A

Internal control over major programs:

Material weakness(es) identified? _____ yes _____ no

Significant deficiency(ies) identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? _____ yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2014-001

Criteria or Specific Requirement

N.J.A.C. 5:30-5.6 requires that municipalities maintain a fixed asset accounting system that shall include asset descriptions, estimated or historical costs and other such information as shall be required by the governing body and updated each year with any additions or deletions. Proper internal control practices also dictate that complete and accurate records should be maintained to ensure adequate control over the preparation of the financial statements including the related footnotes.

Condition

The Township did not maintain a fixed asset accounting system in accordance with N.J.A.C. 5:30-5.6.

Context

The Township did not maintain a fixed asset accounting system for 2014 as required by State Administrative Code.

Effect

As a result of the non-existence of controls over the Township's fixed asset records, the General Fixed Asset Account Statements could not be prepared and audited resulting in a qualified opinion being issued on the General Fixed Asset Account Group.

Cause

Internal control policies and procedures are not in place to properly maintain the fixed asset accounting system.

Recommendation

That internal control policies and procedures should be developed to properly maintain the general fixed asset accounting system in accordance with N.J.A.C. 5:30-5.6.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-002

Criteria or Specific Requirement

Pursuant to Governmental Accounting Standards Board Statement No. 45 and requirements prescribed by the Division of Local Governmental Services, municipalities are required to disclose the liability of non-pension benefits that they have contractually or otherwise agreed to provide to employees once they have retired.

Condition

The Township did not prepare an actuarial valuation report which reports the estimated liability for post-employment health care, prescription and dental benefits required to be disclosed in the Notes to the Financial Statements.

Context

An actuarial valuation report has not been prepared for the year December 31, 2014.

Effect

Non-compliance with Governmental Accounting Standards Board Statement No. 45 and rules promulgated by the Division of Local Governmental Services.

Cause

The Township's officials were unaware of the requirement; this disclosure should have first appeared in the December 31, 2010 report.

Recommendation

That the Township engage an actuary in order to provide the necessary information to comply with Governmental Accounting Standards Board Statement No. 45.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-003

Criteria or Specific Requirement

N.J.S.A. 40A:4-57 states that no officer, board, body or commission shall, during any fiscal year, expend any money, incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such service.

Condition

The Township's Statement of Reserve for Federal and State Grants – Appropriated reflects an over-expenditure in the Municipal Alliance Grant in the amount of \$26,854.09 and the Statement of Improvement Authorizations reflects an over-expenditure in the Construction of Certain Road Improvements ordinance in the amount of \$29,851.55.

Context

Resolutions amending the budget and appropriating the above grant was not completed during the year. Also there appears to be a lack of appropriate monitoring of the grant fund and general capital fund budget account status reports.

Effect

Non-compliance with N.J.S.A. 40A:4-57.

Cause

Effective internal control policies and procedures over budgeting, encumbrance accounting, and cash disbursements have not been established to ensure that there are sufficient appropriations for expenditures charged.

Recommendation

That the Township develops effective internal controls over budgeting and encumbrance accounting to ensure that there are sufficient appropriations for expenditures charged prior to the commitment and disbursement of funds.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 2- Schedule of Financial Statement Findings (Cont'd)

Finding No. 2014-004

Criteria or Specific Requirement

A detailed analysis of the tax title lien redemption and premium accounts, including beginning balance, receipts, disbursements and ending balance is necessary to identify and allocate the individual balances per block and lot.

Condition

The Township's accounting system for tax title lien redemptions and premium accounts were not properly maintained during the last three months of the year. In several instances, supporting documentation for tax title lien redemption cash receipts and disbursements could not be located.

Context

An analysis of the tax title lien redemption and premium accounts was not properly maintained to reflect the current year activity and year end balances.

Effect

The tax title lien redemption and tax premium escrow balances could not be identified and allocated by block/lot or certificate number.

Cause

Personnel changes occurred in the tax office with the September 30, 2014 retirement of the long term tax collector. Internal control policies and procedures that were in place were changed and/or not followed which led to the records not being properly maintained.

Recommendation

That internal control policies and procedures should be developed to properly maintain the accounting records for tax title lien redemptions and premium accounts and balances.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None

TOWNSHIP OF FRANKLIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2014

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

N/A

TOWNSHIP OF FRANKLIN
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2013-001

Condition

The annual construction code official report for the year 2013 was not prepared by the construction code official in consultation with the chief financial officer.

Current Status

This condition has been resolved.

TOWNSHIP OF FRANKLIN
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 Surety Bond</u>
Edward Leopardi	Mayor	
Louis Gonzalez	Committeeperson	
Sheryl Neely	Committeeperson	
David Deegan	Committeeperson	
Vito Genna, Jr.	Committeeperson	
Debra Fourre	Administrator	(1)
Barbara Freijomil	Township Clerk	(1)
Judson Moore	Administrator (resigned 3/24/14)	(1)
Judson Moore	Chief Financial Officer	(1)
Lawrence Nightlinger, Jr.	Tax Collector (resigned 9/30/14)	(1)
Joanna Potopchuk	Tax Collector (appointed 9/30/14)	(1)
Steven Rickershauser	Construction Code Official	(1)
Joan Sorbello Adams	Magistrate	(1)
Wendy Seitz	Court Administrator	(1)
Tracy Bleda	Deputy Court Administrator	(1)
John C. Eastlack Jr., Esq.	Solicitor	
Adams, Rehmann & Heggan	Engineers	

(1) \$1,000,000.00 per loss is covered by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declarations, and Excess Public Officials Bonds for all public officials.

17250

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant