

**TOWNSHIP OF FRANKLIN**  
**AUDIT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2016**

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**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

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COUNTY OF GLOUCESTER**

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**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## 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 statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Franklin, State of New Jersey as of December 31, 2016, and the related statement of operations and changes in fund balance--regulatory basis for the year then ended, the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis, and the related notes to the financial statements, 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 accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 and 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 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 Township'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 to the financial statements, the Township of Franklin prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws 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 these 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, State of New Jersey, as of December 31, 2016, or the results of its operations and changes in fund balance for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Franklin, State of New Jersey, as of December 31, 2016, and the results of its operations and changes in fund balance of such funds--regulatory basis for the year then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplementary schedules presented for the various funds and supplementary data and letter of comments and recommendations section 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 supplementary schedules presented for the various funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

*Prior Period Financial Statements*

The financial statements as of December 31, 2015, were audited by other auditors whose report dated June 30, 2016, expressed a qualified opinion on regulatory basis of accounting due to the omission of the general fixed assets group of accounts - regulatory basis and the omission of the accrued compensated absences liability disclosure in the notes to financial statements. Except for those omissions, the other auditors expressed an unmodified opinion on the assets, liabilities, reserves and fund balance – regulatory basis of the various funds and the results of its operations and changes in fund balance – regulatory basis of such funds, and the revenues regulatory basis and expenditures – regulatory basis of the various funds, in accordance with regulatory basis of accounting.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the Township of Franklin’s 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 the 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 and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #435

Medford, New Jersey  
June 22, 2017

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Franklin as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated June 22, 2017. Our report indicated that the Township’s financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township’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 the Township’s internal control.

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

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

deficiencies in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency as Finding No. 2016-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which are described in the accompanying schedule of findings and recommendations as Finding No. 2016-001.

We noted certain other matters that are not required to be reported under Governmental Auditing Standards, that we reported to management in the accompanying letter of comments and recommendations section of this report.

### **Township's Response to Findings**

Township of Franklin's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations section. Township of Franklin'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,

**HOLMAN FRENIA ALLISON, P. C.**

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #435

Medford, New Jersey  
June 22, 2017

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Regular Fund:			
Cash	A-4	3,993,120.10	3,730,919.41
Change Fund	A-5	350.00	350.00
Due from State of New Jersey - Senior and Veterans Deductions	A-6	11,279.35	5,660.27
Due from Borough of Newfield	A		7,863.42
Due from Library	A-26	6,990.85	
Total		<u>4,011,740.30</u>	<u>3,744,793.10</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-7	217,202.98	87,349.71
Tax Title Liens Receivable	A-8	817,200.73	578,759.92
Foreclosed Property - Assessed Valuation	A-9	4,904,076.98	4,904,076.98
Revenue Accounts Receivable	A-10	16,624.12	17,060.81
Land Sale Receivable	A	19,470.00	19,470.00
Due from Trust - Other Fund	B	13.62	343,785.55
Due from Animal Control Fund	B	1.80	36,237.57
Total Receivables & Other Assets With Full Reserves		<u>5,974,590.23</u>	<u>5,986,740.54</u>
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriations	A-11		24,386.00
Emergency Appropriation	A-11		203,000.00
Total		<u>-</u>	<u>227,386.00</u>
Total Regular Funds		<u>9,986,330.53</u>	<u>9,958,919.64</u>
Federal & State Grants:			
Due From Current Fund	A-27	228,197.45	49,647.17
Federal and State Grants Receivable	A-28	512,237.65	293,921.43
Due from General Capital Fund	C		116,823.00
Deferred Charges:			
Overexpenditure of Grant Funds	A	5,333.97	20,284.72
Total State & Federal Grants		<u>745,769.07</u>	<u>480,676.32</u>
Total Assets		<u>\$ 10,732,099.60</u>	<u>\$ 10,439,595.96</u>

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

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,006,324.25	\$ 782,356.32
Reserve for Encumbrances	A-3	84,205.24	163,599.84
Prepaid Taxes	A-12	434,749.19	410,737.34
Tax Overpayments	A-13	80,382.77	149,780.98
County Taxes Payable	A-15	20,062.59	28,396.46
Local School District Taxes Payable	A-16	86,456.98	89,587.98
Regional High School District Taxes Payable	A-17	217,211.44	339,440.98
Due to State - DCA Fees	A-20	3,991.00	7,920.00
Due to State - Marriage Lincese Fees	A-21	250.00	525.00
Due to Library	A		46,645.41
Due to Borough of Newfield	A	3,213.70	
Due to Federal & State Grant Fund	A	228,197.45	49,647.17
Due to Municipal Open Space Trust Fund	B		121,030.28
Due to General Capital Fund	C		542,034.31
Reserve for:			
Senior Citizens' Activities	A-22	1,969.83	1,969.83
Performance Bonds	A-23	4,740.00	7,440.00
Deposits for Sale of Land	A-24	3,650.00	3,650.00
Master Plan	A-25	15,159.42	15,159.42
Subtotal Regular Fund		<u>2,190,563.86</u>	<u>2,759,921.32</u>
Reserve for Receivables & Other Assets	A	5,974,590.23	5,986,740.54
Fund Balance	A-1	<u>1,821,176.44</u>	<u>1,212,257.78</u>
Total Regular Fund		<u>9,986,330.53</u>	<u>9,958,919.64</u>
State & Federal Grants:			
Reserve for Encumbrances	A-29	1,880.71	6,053.50
Reserve for Federal & State Grants:			
Appropriated	A-29	691,520.17	458,311.74
Unappropriated	A-30	20,634.48	16,311.08
Due to General Capital Fund	C	<u>31,733.71</u>	
Total State & Federal Grants		<u>745,769.07</u>	<u>480,676.32</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 10,732,099.60</u>	<u>\$ 10,439,595.96</u>

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

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Surplus Utilized	\$ 950,000.00	\$ 100,000.00
Miscellaneous Revenue Anticipated	3,121,487.45	3,546,395.11
Receipts From Delinquent Taxes & Tax Title Liens	242,919.24	127,648.04
Receipts From Current Taxes	41,171,188.56	39,723,573.09
Nonbudget Revenue	173,414.89	253,035.90
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	614,514.57	576,199.66
Regulatory Excess - Animal Control	19,675.68	17,439.47
Interfund Cleared	255,007.70	533,959.91
Liquidation of Accounts Payable		22,177.75
Tax Overpayments Cancelled	2,061.19	125.18
Prior Year Library Reimbursement	108,899.66	
Total	<u>46,659,168.94</u>	<u>44,900,554.11</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Salaries & Wages	3,945,800.00	3,861,557.00
Other Expenses	4,455,927.82	4,278,650.00
Deferred Charges & Statutory Expenditures	1,148,069.90	1,171,306.64
Excluded From "CAPS":		
Salaries & Wages	70,000.00	65,000.00
Other Expenses	852,090.17	842,531.23
Capital Improvements	219,000.00	40,000.00
Municipal Debt Service	880,554.03	866,128.15
Deferred Charges	203,000.00	-
County Tax	8,690,656.79	8,469,103.52
County Share of Added and Omitted Taxes	20,062.59	28,396.46
Local District School Tax	10,624,665.00	10,242,798.00
Regional High School Tax	11,964,667.00	11,585,962.00
Special District Tax	1,886,465.00	1,845,405.00
Municipal Open Space Tax	124,472.86	123,686.64
Prior Year Senior Citizen & Veteran Deductions Disallowed	4,406.16	9,788.08
Interfunds Advanced in the Current Year		365,085.94
Refund of Prior Year Revenue - Prior Year Tax Appeals		25,109.58
Refund of Prior Year Revenue - Borough of Newfield	10,412.96	
Cancellation of Grants Receivable - General Capital Fund		141,486.11
Total Expenditures	<u>45,100,250.28</u>	<u>43,961,994.35</u>

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

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Excess/(Deficit) in Revenue	1,558,918.66	938,559.76
Adjustment:		
Deferred Charges to Succeeding Year's Budget	<u>-</u>	<u>227,386.00</u>
Statutory Excess to Fund Balance	1,558,918.66	1,165,945.76
Fund Balance January 1	<u>1,212,257.78</u>	<u>146,312.02</u>
Total	2,771,176.44	1,312,257.78
Decreased by: Utilization as Anticipated Revenue	<u>950,000.00</u>	<u>100,000.00</u>
Fund Balance December 31	<u><u>\$ 1,821,176.44</u></u>	<u><u>\$ 1,212,257.78</u></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, 2016**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 950,000.00	\$ -	\$ 950,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,000.00		22,224.62	12,224.62
Other	4,000.00		3,236.00	(764.00)
Fees & Permits	45,000.00		61,244.04	16,244.04
Fines & Costs - Municipal Court	200,000.00		245,279.37	45,279.37
Interest & Costs on Taxes	170,000.00		179,401.17	9,401.17
Interest on Investments & Deposits	22,000.00		31,114.23	9,114.23
Franchise Fees - Cable Televisior	65,000.00		82,372.40	17,372.40
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	1,446,156.00		1,446,156.00	-
Garden State Trust	5,548.00		5,548.00	-
Uniform Construction Codes Fee	132,000.00		216,504.00	84,504.00
Township of Buena - Joint Municipal Court	80,000.00		120,000.00	40,000.00
Emergency Medical Service Billing	300,000.00		219,619.69	(80,380.31)
Public and Private Revenues Offset With Appropriations:				
Recycling Tonnage Grant	19,833.90		19,833.90	-
Drunk Driving Enforcement Fund	8,020.25		8,020.25	-
Clean Communities	55,556.69		55,556.69	-
Alcohol Education and Rehabilitation Fund	589.33		589.33	-
Municipal Alliance on Alcoholism and Drug Abuse	23,364.00		23,364.00	-
Elk Township - Matching Funds for Municipal Alliance on Alcoholism and Drug Abuse	2,306.00		2,306.00	-
JIF Safety Incentive	3,575.00	\$ 4,750.00	8,325.00	-
New Jersey DOT Trust Fund Authority Act	193,000.00		193,000.00	-
Community Development Block Gran	25,000.00		25,000.00	-
Other Special Items of Revenue				
Uniform Fire Safety Act	19,000.00		27,792.76	8,792.76
Liquidation of Interfund Receivable - Trust Other Fund	125,000.00		125,000.00	-
Municipal Alliance on Alcoholism and Drug Abuse - Prior Year	23,364.00			(23,364.00)
<b>Total Miscellaneous Revenues</b>	<b>2,978,313.17</b>	<b>4,750.00</b>	<b>3,121,487.45</b>	<b>138,424.28</b>
Receipts From Delinquent Taxes	115,000.00	-	242,919.24	127,919.24
<b>Subtotal General Revenues</b>	<b>4,043,313.17</b>	<b>4,750.00</b>	<b>4,314,406.69</b>	<b>266,343.52</b>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	8,161,689.17		8,295,438.77	133,749.60
<b>Budget Totals</b>	<b>12,205,002.34</b>	<b>4,750.00</b>	<b>12,609,845.46</b>	<b>400,093.12</b>
Nonbudget Revenues			173,414.89	173,414.89
<b>Total</b>	<b>\$ 12,205,002.34</b>	<b>\$ 4,750.00</b>	<b>\$ 12,783,260.35</b>	<b>\$ 573,508.01</b>

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, 2016**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 41,171,188.56
Allocated to:	
School, County, Municipal Open Space, and Special District Taxes	<u>33,310,989.24</u>
Balance for Support of Municipal Budget Appropriations	7,860,199.32
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>435,239.45</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 8,295,438.77</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 174,651.03
Tax Title Lien Collections	<u>68,268.21</u>
	<u>\$ 242,919.24</u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Recycling Sales	\$ 4,141.34
Community Center Rental	2,126.75
Tax Collector	6,804.86
Clear Channel	1,430.00
NJMVC Fines	3,765.48
Void Check from prior year	2,751.11
Prior years refunds	14,494.54
Charge for boarded up houses	52,600.00
Other miscellaneous	15,912.17
Close Public Assistance Account	3,209.44
NSF Fees	200.00
Prior Year JIF Insurance refunds	43,482.83
Lot Cleaning Fees	18,783.21
SC & Vet Administration Fees	<u>3,713.16</u>
	<u>\$ 173,414.89</u>

The accompanying Notes to 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, 2016**

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
<b>General Government:</b>						
General Administration:						
Salaries and Wages	\$ 84,500.00	\$ 89,500.00	\$ 82,924.48	\$	6,575.52	
Other Expenses	67,800.00	57,800.00	46,551.65	506.00	10,742.35	
Human Resources (Personnel):						
Other Expenses	40,000.00	40,000.00	20,088.84		19,911.16	
Mayor and Township Committee:						
Salaries and Wages	22,000.00	22,000.00	20,999.85		1,000.15	
Other Expenses	2,300.00	2,300.00	1,736.00		564.00	
Municipal Clerk:						
Salaries and Wages	98,000.00	115,000.00	112,835.06		2,164.94	
Other Expenses	24,000.00	24,000.00	19,913.09		4,086.91	
Financial Administration:						
Salaries and Wages	62,800.00	42,800.00	39,478.48		3,321.52	
Other Expenses	105,000.00	80,000.00	72,227.20	1,273.21	6,499.59	
Audit Services:						
Other Expenses	55,000.00	55,000.00	55,000.00		-	
Centralized Computerized Data Processing:						
Other Expenses	4,000.00	4,000.00	524.52	192.00	3,283.48	
Revenue Administration - Tax Collection:						
Salaries and Wages	10,800.00	16,300.00	15,413.70		886.30	
Other Expenses	41,500.00	36,000.00	25,745.41		10,254.59	
Legal Services and Costs:						
Other Expenses	225,000.00	265,000.00	248,966.48	404.46	15,629.06	
Engineering Services:						
Other Expenses	95,000.00	113,000.00	110,979.04	10.50	2,010.46	
Economic Development:						
Other Expenses	10,000.00	10,000.00			10,000.00	
Historical Sites Office:						
Salaries and Wages	1,000.00	1,000.00	700.00		300.00	
Other Expenses	1,000.00	1,000.00	83.77		916.23	
<b>Land Use Administration:</b>						
Planning Board:						
Salaries and Wages	46,100.00	50,100.00	48,046.05		2,053.95	
Other Expenses	24,000.00	24,000.00	12,697.98	348.37	10,953.65	
Zoning Board of Adjustment:						
Salaries and Wages	14,500.00	15,500.00	13,281.48		2,218.52	
Other Expenses	13,000.00	13,000.00	8,167.00		4,833.00	
Other Code Enforcement Functions						
Other Expenses	3,000.00	3,000.00	750.00		2,250.00	
<b>State Uniform Construction Code:</b>						
Construction Official:						
Salaries and Wages	155,000.00	162,000.00	157,439.74		4,560.26	

The accompanying Notes to 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, 2016**

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Other Expenses	7,000.00	9,000.00	7,934.44	128.00	937.56	
<b>Public Safety Functions:</b>						
Police Department:						
Salaries and Wages	2,290,000.00	2,260,000.00	2,163,765.23		96,234.77	
Other Expenses	175,000.00	175,000.00	98,542.61	60,785.12	15,672.27	
Office of Emergency Management:						
Salaries and Wages	2,000.00	2,000.00			2,000.00	
Other Expenses	1,000.00	1,000.00	336.96		663.04	
Aid to Volunteer Ambulance Corporation:						
Other Expenses	37,000.00	37,000.00	10,921.84	208.30	25,869.86	
Uniform Fire Safety and Inspection Act:						
Salaries and Wages	26,500.00	26,500.00	25,780.22		719.78	
Other Expenses	7,900.00	11,900.00	6,993.48	3,556.92	1,349.60	
Prosecutor's Office:						
Salaries and Wages	29,000.00	29,000.00	25,152.30		3,847.70	
<b>Public Works Functions:</b>						
Road Repairs & Maintenance:						
Salaries and Wages	690,000.00	810,000.00	778,100.26		31,899.74	
Other Expenses	207,800.00	132,800.00	115,102.55	4,274.55	13,422.90	
Solid Waste Collection:						
Salaries and Wages	165,000.00	105,000.00	72,758.70		32,241.30	
Other Expenses	10,000.00	10,000.00	6,580.28	995.55	2,424.17	
Public Buildings & Grounds:						
Other Expenses	86,000.00	67,000.00	38,645.57	405.75	27,948.68	
Community Center:						
Salaries and Wages	12,200.00	12,200.00	11,520.00		680.00	
Other Expenses	12,200.00	12,200.00	794.12		11,405.88	
Vehicle Maintenance:						
Other Expenses	215,000.00	215,000.00	187,108.02	1,396.04	26,495.94	
<b>Health &amp; Human Services:</b>						
Public Health Services:						
Salaries and Wages	26,500.00	26,500.00	25,340.50		1,159.50	
Other Expenses	13,500.00	14,500.00	12,761.56		1,738.44	
Environmental Commission (N.J.S.A. 40:56A-1)						
Other Expenses	2,000.00	2,000.00	1,922.03		77.97	
<b>Park and Recreation Functions:</b>						
Recreation Services and Programs:						
Salaries and Wages	1,000.00	1,000.00	1,000.00		-	
Other Expenses	9,000.00	9,000.00	3,968.05		5,031.95	
Maintenance of Parks:						
Other Expenses	30,000.00	30,000.00	24,948.20		5,051.80	
Agricultural Board:						
Other Expenses	100.00	100.00			100.00	

The accompanying Notes to 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, 2016**

	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED	
<b>Insurance:</b>					
Liability Insurance	185,000.00	93,807.82	57,462.69		36,345.13
Worker's Compensation	445,000.00	485,000.00	477,271.63	6,805.08	923.29
Group Insurance for Employees	1,029,520.00	1,104,520.00	1,052,688.11		51,831.89
Health Benefit Waiver	15,000.00	15,000.00			15,000.00
<b>Other Common Operating Functions (Unclassified):</b>					
Celebration of Public Events, Anniv. or Holiday					
Other Expenses	8,000.00	8,000.00	2,252.42	1,400.00	4,347.58
<b>Utility Expenses &amp; Bulk Purchases:</b>					
Electricity	130,000.00	130,000.00	105,656.59		24,343.41
Street Lighting	145,000.00	145,000.00	127,546.12		17,453.88
Telephone	60,000.00	60,000.00	50,545.11		9,454.89
Gas (Natural/Propane)	70,000.00	70,000.00	35,749.06		34,250.94
Diesel Fuel	100,000.00	100,000.00	43,726.34		56,273.66
Gasoline	95,000.00	95,000.00	56,454.30		38,545.70
<b>Municipal Court Functions:</b>					
Municipal Court:					
Salaries and Wages	143,000.00	153,000.00	145,985.91		7,014.09
Other Expenses	20,000.00	20,000.00	14,330.00	200.00	5,470.00
Public Defender (P.L. 1997, C. 256):					
Salaries and Wages	1,000.00	1,000.00	750.48		249.52
<b>Landfill/Solid Waste Disposal:</b>					
Other Expenses	700,000.00	670,000.00	520,114.82		149,885.18
<b>Unclassified:</b>					
Cable Television Commission:					
Salaries and Wages	5,400.00	5,400.00	4,611.72		788.28
Other Expenses	5,000.00	5,000.00	3,765.96		1,234.04
<b>Total Operation Within "CAPS"</b>	<b>8,417,920.00</b>	<b>8,401,727.82</b>	<b>7,433,438.00</b>	<b>82,889.85</b>	<b>885,399.97</b>
<b>Detail:</b>					
Salaries and Wages	3,886,300.00	3,945,800.00	3,745,884.16	-	199,915.84
Other Expenses (Including Contingent)	4,531,620.00	4,455,927.82	3,687,553.84	82,889.85	685,484.13
<b>Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":</b>					
Overexpenditure of Grant Appropriations	20,284.72	20,284.72	20,284.72		-
Overexpenditure of Appropriations	24,386.00	24,386.00	24,386.00		-
Contribution to:					
Public Employees Retirement System	219,463.00	219,463.00	195,633.84		23,829.16
Social Security System (O.A.S.I)	325,000.00	325,000.00	308,857.44		16,142.56
Police & Fire Retirement System	518,744.00	534,936.18	518,744.00		16,192.18
Unemployment Insurance	22,000.00	22,000.00	18,803.08		3,196.92

The accompanying Notes to 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, 2016**

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Defined Contribution Plan Judgements (N.J.S.A. 40A:4-46)	1,000.00	1,000.00	135.00		865.00	
	1,000.00	1,000.00			1,000.00	
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	<b>1,131,877.72</b>	<b>1,148,069.90</b>	<b>1,086,844.08</b>	<b>-</b>	<b>61,225.82</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>9,549,797.72</b>	<b>9,549,797.72</b>	<b>8,520,282.08</b>	<b>82,889.85</b>	<b>946,625.79</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Insurance:						
Employee Group Insurance	15,480.00	15,480.00			15,480.00	
Maintenance of Free Public Library:						
Other Expenses	431,072.00	431,072.00	431,072.00		-	
SFSP Fire District Payment	5,683.00	5,683.00	5,683.00		-	
Interlocal Municipal Service Agreements:						
Joint Municipal Court - Township of Buena:						
Salaries and Wages	70,000.00	70,000.00	70,000.00		-	
Other Expenses	10,000.00	10,000.00	4,266.75		5,733.25	
Revenue Administration - Township of Monroe:						
Other Expenses	73,325.00	73,325.00	73,325.00		-	
Emergency Medical Services:						
Other Expenses	195,000.00	195,000.00	155,199.40	1,315.39	38,485.21	
<b>Public &amp; Private Programs Offset by Revenues:</b>						
Drunk Driving Enforcement Fund	8,020.25	8,020.25	8,020.25		-	
Alcohol Education and Rehabilitation Fund	589.33	589.33	589.33		-	
Municipal Alliance on Alcoholism and Drug Abuse:						
State Share	23,364.00	23,364.00	23,364.00		-	
Local Share	5,841.00	5,841.00	5,841.00		-	
Recycling Tonnage Grant	19,833.90	19,833.90	19,833.90		-	
JIF Safety Incentive Program	3,575.00	8,325.00	8,325.00		-	
Clean Communities Program	55,556.69	55,556.69	55,556.69		-	
<b>Total Operations Excluded From "CAPS"</b>	<b>917,340.17</b>	<b>922,090.17</b>	<b>861,076.32</b>	<b>1,315.39</b>	<b>59,698.46</b>	<b>-</b>
<b>Detail:</b>						
Salaries and Wages	70,000.00	70,000.00	70,000.00		-	
Other Expenses	847,340.17	852,090.17	791,076.32	1,315.39	59,698.46	-
<b>Capital Improvements - Excluded from "CAPS":</b>						
Capital Improvement Fund	1,000.00	1,000.00	1,000.00		-	
Public and Private Programs Offset by Revenues:						
New Jersey DOT Trust Fund Authority Act	193,000.00	193,000.00	193,000.00		-	

The accompanying Notes to 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, 2016**

	APPROPRIATIONS		PAID OR CHARGED		RESERVED	CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED		
Community Development Block Grant	25,000.00	25,000.00	25,000.00	-	-	-
Total Capital Improvements Excluded from "CAPS"	219,000.00	219,000.00	219,000.00	-	-	-
Municipal Debt Service - Excluded from "CAPS"; Payment of Bond Principal and Capital Notes	545,000.00	545,000.00	545,000.00	-	-	-
Interest on Bonds	195,500.00	195,500.00	195,500.00	-	-	-
Interest on Notes	111,525.00	111,525.00	111,525.00	-	-	-
	28,600.00	28,600.00	28,529.03	-	-	70.97
Total Municipal Debt Service Excluded from "CAPS"	880,625.00	880,625.00	880,554.03	-	-	70.97
Deferred Charges - Excluded from "CAPS"; Emergency Authorizations	203,000.00	203,000.00	203,000.00	-	-	-
Total Deferred Charges Excluded from "CAPS"	203,000.00	203,000.00	203,000.00	-	-	-
Total General Appropriations Excluded from "CAPS"	2,219,965.17	2,224,715.17	2,163,630.35	1,315.39	59,698.46	70.97
Subtotal General Appropriations	11,769,762.89	11,774,512.89	10,683,912.43	84,205.24	1,006,324.25	70.97
Reserve For Uncollected Taxes	435,239.45	435,239.45	435,239.45	-	-	-
Total General Appropriations	\$ 12,205,002.34	\$ 12,209,752.34	\$ 11,119,151.88	\$ 84,205.24	\$ 1,006,324.25	\$ 70.97
Adopted Budget	\$ 12,205,002.34					
Added by N.J.S. 40A:4-87	4,750.00					
Total	\$ 12,209,752.34					
Reserve for Uncollected Taxes		\$ 435,239.45				
Deferred Charges		247,670.72				
Cash Disbursements		10,096,711.54				
Reserve for Federal & State Grants		339,530.17				
		\$ 11,119,151.88				

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

**TOWNSHIP OF FRANKLIN**  
**TRUST FUND**  
**STATEMENT OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
<b>Animal Control Fund:</b>			
Cash	B-3	\$ 54,408.60	\$ 91,098.77
Change Fund	B	100.00	100.00
		<u>54,508.60</u>	<u>91,198.77</u>
<b>Trust Funds - Other:</b>			
Cash	B-3	1,348,891.80	2,162,449.40
		<u>1,348,891.80</u>	<u>2,162,449.40</u>
<b>Municipal Open Space Trust Fund:</b>			
Cash	B-3	537,974.62	264,150.88
Due from Current Fund	B		121,030.28
		<u>537,974.62</u>	<u>385,181.16</u>
<b>Total Assets</b>		<u><u>\$ 1,941,375.02</u></u>	<u><u>\$ 2,638,829.33</u></u>
<b>LIABILITIES &amp; RESERVES</b>			
<b>Animal Control Fund:</b>			
Due to State of New Jersey - Department of Health	B-4	\$ -	13.80
Due to Current Fund	B-5	1.80	36,237.57
Reserve for Animal Control Fund Expenditures	B-6	54,506.80	\$ 54,947.40
		<u>54,508.60</u>	<u>91,198.77</u>
<b>Trust - Other Funds:</b>			
Due to Current Fund	B-7	13.62	343,785.55
Micellaneous Trust Reserves	B-8	1,348,878.18	1,790,428.85
Due to General Capital Fund	B		28,235.00
		<u>1,348,891.80</u>	<u>2,162,449.40</u>
<b>Municipal Open Space Trust Fund:</b>			
Appropriation Reserves	B-2	114,440.00	54,125.88
Reserve for Encumbrances	B-2	800.00	800.00
Reserve for Future Use	B-9	422,734.62	330,255.28
		<u>537,974.62</u>	<u>385,181.16</u>
<b>Total Liabilites and Reserves</b>		<u><u>\$ 1,941,375.02</u></u>	<u><u>\$ 2,638,829.33</u></u>

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

**TOWNSHIP OF FRANKLIN  
TRUST - MUNICIPAL OPEN SPACE FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxation	\$ 123,240.00	\$ 124,472.86	\$ 1,232.86
Miscellaneous	-	319.14	319.14
Total Revenues	<u>\$ 123,240.00</u>	<u>\$ 124,792.00</u>	<u>\$ 1,552.00</u>

**ANALYSIS OF REALIZED REVENUES**

Amount to be Raised by Taxation:

Due From Current Fund:

Municipal Open Space Tax Levy	\$ 123,240.00
Added & Omitted Taxes	<u>1,232.86</u>
	<u>\$ 124,472.86</u>

Miscellaneous:

Interest Earnings	<u>\$ 319.14</u>
	<u>\$ 319.14</u>

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

**TOWNSHIP OF FRANKLIN  
TRUST - MUNICIPAL OPEN SPACE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED		RESERVED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	
Developments of Lands for Conservation:					
Salaries and Wages	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00		
Other Expenses	12,000.00	12,000.00		\$ 800.00	\$ 11,200.00
Acquisition of Farmland	103,240.00	103,240.00			103,240.00
Total Operating	<u>\$ 123,240.00</u>	<u>\$ 123,240.00</u>	<u>\$ 8,000.00</u>	<u>\$ 800.00</u>	<u>\$ 114,440.00</u>

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

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash	C-1	\$ 840,483.92	\$ 523,597.60
Deferred Charges to Future Taxation:			
Funded	C-3	3,445,000.00	3,990,000.00
Unfunded	C-4	5,349,750.00	5,545,250.00
Due from Current Fund	C-5	-	542,034.31
Grants Receivable	C-6	102,439.74	194,718.86
Due from Federal and State Grant Fund	C	31,733.71	
Due from Recreation Trust Fund	C		28,235.00
		<u>\$ 9,769,407.37</u>	<u>\$ 10,823,835.77</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-7	\$ 3,445,000.00	\$ 3,990,000.00
Bond Anticipation Notes	C-8	5,226,250.00	4,932,500.00
Improvement Authorizations:			
Funded	C-9	67,739.25	509,339.10
Unfunded	C-9	886,332.10	1,142,080.51
Encumbrances Payable	C-9	3,406.27	35,486.41
Contracts Payable	C-10	12,000.00	12,000.00
Capital Improvement Fund	C-11	80,750.00	79,750.00
Reserve for Debt Service	C-12	42,073.00	
Due to Federal and State Grant Fund	C		116,823.00
Fund Balance	C	5,856.75	5,856.75
		<u>\$ 9,769,407.37</u>	<u>\$ 10,823,835.77</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$123,500.00 and on December 31, 2015 of \$612,750.00.

**TOWNSHIP OF FRANKLIN**  
**STATEMENT OF GENERAL FIXED ASSETS ACCOUNT GROUP**  
**- REGULATORY BASIS**  
**DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
General Fixed Assets:			
Land and Buildings	D	\$ 7,073,100.00	\$ 7,073,100.00
Vehicles	D	4,134,405.48	4,134,405.48
Machinery	D	<u>2,109,372.56</u>	<u>2,109,372.56</u>
		<u>\$ 13,316,878.04</u>	<u>\$ 13,316,878.04</u>
 Investment in General Fixed Assets	 D	 <u>\$ 13,316,878.04</u>	 <u>\$ 13,316,878.04</u>

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



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## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### 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 is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39 and 61, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the County are not presented in accordance with GAAP, and therefore the financial statements are not presented in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39 and No. 61. Had the financials been in accordance with GAAP, 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

Annual financial statements are available at the office of this entity.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township contain all funds and account groups 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 State of America applicable to local government units. The more significant differences are explained in this Note.

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

Current Fund - records resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - records the receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was established.

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

General Capital Fund - records the receipt and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired through the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

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. As of December 31, 2016 the public assistance fund is closed.

General Fixed Assets Account Group - utilized to account for land, buildings, machinery, equipment and vehicles that have been acquired by other governmental funds.

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current and Municipal Open Space Fund 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<sup>th</sup> of each year. At introduction, the governing body must 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 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. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**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 utilities 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, 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

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

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 requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**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 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 and Supplies** - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets 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 \$5,000.00, 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. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. 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.

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

**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.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**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 revenues when received.

**Property Tax Revenues** – Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

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

**County Taxes** – The Township 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<sup>th</sup> 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<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**Fire District Taxes** – The Township is responsible for levying, collecting and remitting fire district taxes for the Township of Franklin Fire District No. 1, No. 2, No. 3, No. 4, and No. 5. Operations are charged for the full amount required to be raised from taxation to operate the fire districts for the period from January 1st to December 31st.

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

**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** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is 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.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled 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 Post-employment 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 post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

**Comparative Data** - Comparative data for the prior year has been presented in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**Open Space, Recreation and Farmland Preservation Trust Fund** - On November 2, 1999, pursuant to P.L. 1997, c. 24 (NJSA 40:12-15.1 et seq.), the voters of the Township 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 interest in lands for 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 purposes stated. Interest

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

earned on the investment of these funds is credited to the Township of Franklin Open Space, Recreation and Farmland Preservation Trust Fund.

#### Impact of Recently Issued Accounting Principles

##### Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

##### Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 1. Summary of Significant Accounting Policies (continued)

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board 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 Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2016, the Township's bank balance of \$7,321,204.24 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 6,067,811.23
Uninsured and Uncollateralized	<u>1,253,393.01</u>
	<u>\$ 7,321,204.24</u>

**Investments**

The Township had no investments as of December 31, 2016.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.211</u>	<u>\$ 3.081</u>	<u>\$ 2.962</u>
Apportionment of Tax Rate:			
Municipal - Local Purpose	0.627	0.577	0.577
Municipal Library	0.034	0.035	0.034
Municipal Open Space	0.010	0.010	0.010
County - General	0.663	0.644	0.593
County - Open Space	0.043	0.044	0.042
Local School	0.863	0.831	0.799
Regional High School	0.971	0.940	0.907
Special District Tax Rates:			
Fire District No. 1	\$ 0.161	\$ 0.160	\$ 0.159
Fire District No. 2	0.154	0.147	0.141
Fire District No. 3	0.120	0.116	0.116
Fire District No. 4	0.187	0.184	0.181
Fire District No. 5	0.134	0.131	0.129

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2016	\$ 1,232,463,275
2015	1,232,702,180
2014	1,234,153,912

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2016	\$ 41,555,258.58	\$ 41,171,188.56	99.07%
2015	39,989,717.14	39,720,868.40	99.32%
2014	38,558,777.70	38,346,831.67	99.45%

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 3. Property Taxes (continued)**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of <u>Tax Levy</u>
2016	\$ 817,200.73	\$ 217,202.98	\$ 1,034,403.71	2.49%
2015	578,759.92	87,349.71	666,109.63	1.67%
2014	414,308.00	102,348.51	516,656.51	1.34%

**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 two years was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 4,904,076.98
2015	4,904,076.98
2014	4,904,076.98

**Note 5. Fund Balances Appropriated**

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

<u>Year</u>	Balance <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>	Percentage of Fund <u>Balance Used</u>
<b>Current Fund:</b>			
2016	\$ 1,821,176.44	\$ 913,000.00	50.13%
2015	1,212,257.78	950,000.00	78.37%
2014	146,312.02	100,000.00	68.35%

**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, 2016:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Interfund Receivables and Payables (continued)**

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 15.42	\$ 228,197.45
State and Federal Grant Fund	228,197.45	31,733.71
Animal Control Trust		1.80
Trust Fund - Other		13.62
General Capital Fund	<u>31,733.71</u>	
	<u>\$ 259,946.58</u>	<u>\$ 259,946.58</u>

The purpose of these interfunds was short-term borrowings. During the year 2017, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

The following is a summary of interfund transfers during the year ended December 31, 2016:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 3,689,843.18	\$ 3,798,493.83
State and Federal Grant Fund	262,645.07	84,094.79
Animal Control Trust		55,911.45
Trust Fund - Other	2,939,055.33	3,311,062.26
Municipal Open Space Trust	121,030.28	
General Capital Fund	<u>682,548.43</u>	<u>168,556.71</u>
	<u>\$ 7,695,122.29</u>	<u>\$ 7,418,119.04</u>

**Note 7. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year 2016:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Land and Buildings	\$ 7,073,100.00			\$ 7,073,100.00
Vehicles	4,134,405.48			4,134,405.48
Machinery	<u>2,109,372.56</u>			<u>2,109,372.56</u>
	<u>\$ 13,316,878.04</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,316,878.04</u>

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2016, the Township's contractually required contribution to PERS plan was \$175,666.

**Components of Net Pension Liability** - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$5,736,728. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was 0.01937% which was an decrease of .00106% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 and December 31, 2015

	<u>12/31/2016</u>	<u>12/31/2015</u>
	June 30, 2016	June 30, 2015
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 1,513,777	\$ 602,000
Deferred Inflows of Resources	607,930	633,874
Net Pension Liability	5,736,728	4,586,721
Township's portion of the Plan's total net pension Liability	0.01937%	0.02043%

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2016 measurement date is \$384,694. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$175,666 to the plan in 2016.

At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 106,686	\$ -
Changes of Assumptions	1,188,344	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	218,747	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	607,930
	<b>\$ 1,513,777</b>	<b>\$ 607,930</b>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

<b>Year Ending</b>	<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2017	\$	182,903
2018		182,904
2019		240,845
2020		241,105
2021		58,093
	<b><u>\$</u></b>	<b>905,850</b>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**A. Public Employees' Retirement System (PERS) (continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<b>1% Decrease (<u>2.98%</u>)</b>	<b>Current Discount Rate (<u>3.98%</u>)</b>	<b>1% Increase (<u>4.98%</u>)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 7,029,691</u>	<u>\$ 5,736,728</u>	<u>\$ 4,669,275</u>

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2016, the Township's contractually required contributions to PFRS plan was \$445,745.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Township’s proportionate share of the PFRS net pension liability was \$9,668,089. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Township’s proportion of the net pension liability was based on the Township’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2016. The Township’s proportion measured as of June 30, 2016, was .05061%, which was a decrease of .00426% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 and December 31, 2015

	<u>12/31/2016</u>	<u>12/31/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 2,467,125	\$ 2,267,818
Deferred Inflows of Resources	549,475	237,752
Net Pension Liability	9,668,089	9,133,973
Township's portion of the Plan's total net pension Liability	0.05061%	0.05484%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2016, the Township’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2016 measurement date is \$1,089,548. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$445,745 to the plan in 2016.

At December 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 63,376
Changes of Assumptions	1,339,110	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	677,424	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	450,591	486,099
	\$ 2,467,125	\$ 549,475

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
 Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

<b>Year Ending</b>		
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>	
2017	\$	517,755
2018		517,756
2019		680,579
2020		331,868
2021		<u>(130,309)</u>
	<b>\$</b>	<b><u>1,917,649</u></b>

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

The State’s proportionate share of the PFRS net pension liability attributable to the Township is \$811,880 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2016 was .05061%, which was a decrease of .00423% from its proportion measured as of June 30, 2015, which is the same proportion as the Township’s. At December 31, 2016, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$	9,668,089
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township		<u>811,880</u>
	<b>\$</b>	<b><u>10,479,969</u></b>

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Note 8. Pension Obligations

##### B. Police and Firemen's Retirement System (PFRS) (continued)

At December 31, 2016, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2016 measurement date is \$103,696. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions,

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Pension Obligations**

**B. Police and Firemen’s Retirement System (PFRS) (continued)**

the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	<b>1% Decrease (<u>4.55%</u>)</b>	<b>Current Discount Rate (<u>5.55%</u>)</b>	<b>1% Increase (<u>6.55%</u>)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 12,466,292.00	\$ 9,668,089.00	\$ 7,386,323.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,046,860.00	811,880.00	620,268.00
	<b>\$ 13,513,152.00</b>	<b>\$ 10,479,969.00</b>	<b>\$ 8,006,591.00</b>

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

**Note 9. Post-Retirement Health Benefits**

**Plan Description** – The Township provided postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Township’s plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Township under the classification of police officer who have completed twenty-five (25) years of service with the Police and Fire Retirement System (PFRS) an at least twenty (20) years of service with the Township. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annual certify that they have no other medical coverage. Currently, six (6) retirees meet these eligibility requirements. This provision is part of a Labor Agreement between the Township, and the Fraternal Order of Police. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 9. Post-Retirement Health Benefits (continued)**

**Funding Policy** – The contribution requirements of plan members and the Township are established and may be amended by the Township’s governing body.

**Retirees** – The Township presently funds its current retiree postemployment benefit costs on a “pay-as-you-go” basis. The Township’s contributions to the plan for the years ended December 31, 2016, 2015, and 2014 were \$163,908.00, \$147,960.00 and \$139,140.00, respectively.

**Future Retirees** – In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement No. 45. In accordance with GASB Statement 45, the Township is only required to calculate every three years. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$514,404.00 at an unfunded discount rate of 5.0%. As stated above, the Township has funded the cost of existing retirees in the amount of \$147,960.00 and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

**Annual OPEB Cost** – For the year ended December 31, 2015, the Township’s annual OPEB cost (expense) of \$514,404.00 for the plan was equal to the ARC plus certain adjustments because the Township’s actual contributions in prior years differed from the ARC. The Township’s annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for 2015, the last date the actuarial valuation was performed, is as follows:

	<u>2015</u>
Annually Required Contributions (ARC)	\$ 514,404.00
Interest on the Net OPEB Obligation	-
Adjustment to the ARC	-
	514,404.00
Annual OPEB Cost	514,404.00
Pay-as-you-go contributions (Existing Retirees)	(147,960.00)
Increase/(Decrease) in Net OPEB Obligation	366,444.00
Net OPEB Obligations, January 1	-
Net OPEB Obligations, December 31st	\$ 366,444.00
Percentage of Annual OPEB Cost Contributed	28.76%

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 9. Post-Retirement Health Benefits (continued)**

**Funding Status and Funding Progress** – The funded status of the plan as of the December 31, 2015 actuarial valuation date is as follows:

Actuarial Date	<u>12/31/2015</u>
Actuarial Accrued Liability (AAL)	\$ 5,932,265.00
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,932,265.00</u>
Funded Ratio	0.00%
Covered Payroll (Active Plan Members)	1,511,798.00
UAAL as a Percentage of Covered Payroll	392.40%

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

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under assumed retirement age. The actuarial assumptions included the following:

- *Mortality.* The mortality table employed in this valuation is the 1994 sex distinct Group Annuity Mortality Table.
- *Discount Rate.* Future costs have been discounted at the rate of 5.0% compounded annually.
- *Turnover.* Termination of employment other than for death or retirement will occur in the future in accordance with the U.S. Office of Personnel Management regarding the experience of the employee group covered by the Federal Employees Retirement System.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 9. Post-Retirement Health Benefits (continued)**

- *Assumed Retirement Age.* At first eligibility after completing 20 years of service, but no earlier than age 55.
- *Disability.* No termination of employment due to disability has been assumed. Retirees resulting from a disability were factored into the determination of age of retirement.
- *Retiree Contributions.* The final average salary for retirees at age 55 and over is \$98,500.00. Future retirees are expected to contribute toward retiree health premiums pursuant to Chapter 78, P.L. 2011.
- *Spousal Coverage.* It was assumed that married employees will remain married.
- *Health Care Cost Inflation.* Health care gross costs will increase at an annual rate of 7.0% for Pre-Medicare benefits and 5.0% for Post-Medicare medical benefits.
- *Administration Expenses.* Annual costs to administer the retiree claims, approximately 2.0%, is included in the annual health care costs.

**Note 10. Capital Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 8,671,250.00	\$ 8,922,500.00	\$ 9,623,000.00
Total Debt Issued	8,671,250.00	8,922,500.00	9,623,000.00
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	123,500.00	612,750.00	123,500.00
Total Authorized But Not Issued	123,500.00	612,750.00	123,500.00
<b>Total Gross Debt</b>	\$ 8,794,750.00	\$ 9,535,250.00	\$ 9,746,500.00
<b>Deductions:</b>			
General:			
Funds on Hand For Payment of Bonds, Notes and Loans:	\$ 42,073.00	\$ -	\$ -
Total Deductions	42,073.00	-	-
<b>Total Net Debt</b>	\$ 8,752,677.00	\$ 9,535,250.00	\$ 9,746,500.00

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 10. Capital Debt (continued)**

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 1,942,000.00	\$ 1,942,000.00	
Regional School District	10,341,000.00	10,341,000.00	
General Debt	8,794,750.00	42,073.00	\$ 8,752,677.00
	<u>\$ 21,077,750.00</u>	<u>\$ 12,325,073.00</u>	<u>\$ 8,752,677.00</u>

The Township's statutory net debt is the Net Debt, as calculated above of, divided by the average Equalized Valuation Basis of \$ 1,292,360,609.00, which equals a statutory net debt at December 31, 2016 of .677%. New Jersey statute 40A:2-6, as amended, limits the debt of a municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2016 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 45,232,621.32
Net Debt	<u>8,752,677.00</u>
Remaining Borrowing Power	<u>\$ 36,479,944.32</u>

A revised annual debt statement should be filed by the chief financial officer.

**General Capital Debt**

**A. Serial Bonds**

General Improvement Refunding Bonds, Series 2012 – On August 22, 2012, the Township issued \$5,445,000.00 in general improvement refunding bonds, with interest rate of 3.0%, to advance refund \$5,595,000.00 outstanding 2002 general improvement bonds with a variable interest rate between 4.125% and 4.625%. The final maturity of the bonds is May 1, 2021.

The following schedule represents the remaining debt service, through maturity, for the general serial bonds described above for the next five (5) years and five (5) year increments thereafter:

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 10. Capital Debt (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	595,000.00	94,425.00	689,425.00
2018	640,000.00	75,900.00	715,900.00
2019	685,000.00	56,025.00	741,025.00
2020	740,000.00	34,650.00	774,650.00
2021	785,000.00	11,775.00	796,775.00
	<u>\$ 3,445,000.00</u>	<u>\$ 272,775.00</u>	<u>\$ 3,717,775.00</u>

**B. Bond Anticipation Notes**

The Township issued Bond Anticipation Notes on April 16, 2016 in the amount of \$5,226,250.00 to temporarily finance various capital project. The Notes bear an interest rate of 0.90% and mature on April 15, 2017.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2016, the Township had \$123,500.00 in General Capital bonds and notes authorized but not issued.

**Summary of Principal Debt**

A summary of the activity of the Township's principal debt is as follows:

	Balance December 31, <u>2015</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2016</u>	Balance Due Within <u>One Year</u>
General Capital:					
Serial Bonds	\$ 3,990,000.00		\$ 545,000.00	\$ 3,445,000.00	\$ 595,000.00
Bond Anticipation Notes	4,932,500.00	\$ 5,226,250.00	4,932,500.00	5,226,250.00	5,226,250.00
	<u>\$ 8,922,500.00</u>	<u>\$ 5,226,250.00</u>	<u>\$ 5,477,500.00</u>	<u>\$ 8,671,250.00</u>	<u>\$ 5,821,250.00</u>

## TOWNSHIP OF FRANKLIN

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **Note 11. Compensated Absences**

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time and to redeem such unused leave time in cash (with certain restrictions) upon death, retirement or by extended absence immediately preceding retirement.

The Township does not record accrued expenses or the liability related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$750,622.25.

The Township has not established a Trust Fund to set aside funds for future payments of compensated absences.

#### **Note 12. Deferred Compensation**

The Township offers its employees a deferred compensation plan, created in accordance with the provisions of N.J.S. 43:15B-1 et. Seq. and the 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 township employees, permits them to defer of a portion of their salary until 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 13. Risk Management**

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

Joint Insurance Pool - The Township is a member of the Gloucester, Salem, and 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

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 13. Risk Management (continued)**

Contributions to the Fund, including 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.

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, 2016, which can be obtained from:

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

**Note 14. Contingencies**

Grantor Agencies - The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

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.

**TOWNSHIP OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 15. Concentrations**

The Township depends on financial resources flowing from, or associated with, both the federal and state government. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and appropriations.

**Note 16. Subsequent Events**

The Township has evaluated subsequent events occurring after December 31, 2016 through the date of June 22, 2017, which is the date the financial statements were available to be issued.

On April 4, 2017 the Township issued \$5,226,000 in General Obligation Bonds, Series 2017. The bonds mature on 1/15/2029 and have an interest rate between 1.00% and 3.00%.

**SUPPLEMENTARY SCHEDULES**

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**CURRENT FUND**

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**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 3,730,919.41
Increased by Receipts:		
Taxes Receivable	\$ 40,662,586.90	
Prepaid Taxes	434,749.19	
Tax Title Liens	68,268.21	
Tax Overpayments	19,844.58	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	185,658.12	
Revenue Accounts Receivable	2,660,492.28	
Miscellaneous Revenue Not Anticipated	173,414.89	
Due Federal & State Grants Fund	238,825.35	
Due Animal Control Trust Fund	55,911.45	
Due Trust - Other Funds	3,282,827.26	
Due to General Capital Fund	92,279.12	
Due from General Capital Fund	20,000.00	
Due from State - DCA Fees	16,992.00	
Due from State - Marriage Licenses	1,675.00	
Due Library	240,950.09	
Due from Borough of Newfield	3,213.70	
	<hr/>	<hr/>
		48,157,688.14
Subtotal		<hr/> <u>51,888,607.55</u>
Decreased by Disbursements:		
2016 Budget Appropriations	10,096,711.54	
2015 Appropriations Reserves	331,441.59	
Refund of Tax Overpayments	10,349.61	
County Taxes Payable	8,719,053.25	
Local District School Tax	10,627,796.00	
Regional District School Tax	12,086,896.54	
Municipal Open Space Tax	124,472.86	
Special District Tax	1,886,465.00	
Due to State - DCA Fees	20,921.00	
Due to State - Marriage Licenses	1,950.00	
Due Federal & State Grants Fund	84,094.79	
Due Trust - Other Funds	2,939,055.33	
Due Municipal Open Space Trust Fund	121,030.28	
Due General Capital Fund	654,313.43	
Reserve for Performance Bonds	2,700.00	
Due Library	185,686.69	
Due from Borough of Newfield	2,549.54	
	<hr/>	<hr/>
		47,895,487.45
Balance December 31, 2016		<hr/> <u>\$ 3,993,120.10</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Tax Office	\$ 150.00
Construction Code Office	100.00
Municipal Court	<u>100.00</u>
Balance December 31, 2016	<u><u>\$ 350.00</u></u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NJ VETERAN AND SENIOR CITIZEN DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 5,660.27
Increased by:		
Deductions per Tax Billing:		
Senior Citizens	\$ 56,750.00	
Veterans	135,000.00	
Deductions Allowed by Collector - 2016 Taxes	6,000.00	
		197,750.00
Subtotal		203,410.27
Decreased by:		
Received from State of New Jersey	185,658.12	
Deductions Disallowed by Tax Collector - 2016 Taxes	2,066.64	
Deductions Disallowed by Tax Collector - Prior Years	4,406.16	
		192,130.92
Balance December 31, 2016		\$ 11,279.35

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	OVERPAYMENTS APPLIED	TRANSFER TO TAX TITLE LIENS	TRANSFER TO/FROM ARREARS	CANCELED	BALANCE DECEMBER 31, 2016
				2015	2016						
Arrears											
2012			\$ 21,394.01	\$	923.97				\$ (202,777.67)		\$ 201,853.70
2013	\$ 71,917.16			21,394.01							
2014	8,06		120,114.56	60,065.34				60,057.28		\$ 71,917.16	
2015	15,424.49		175,728.45	92,267.71				98,885.23			
Total	87,349.71		317,237.02	174,651.03				(43,835.16)		71,917.16	201,853.70
2016		\$ 41,555,258.58	26,045.13	40,487,935.87	\$	195,683.36	\$	76,831.99	\$	306,709.02	44,221.68
Total	\$ 362,191.34	\$ 41,555,258.58	\$ 343,282.15	\$ 410,737.34	\$ 40,662,586.90	\$ 195,683.36	\$ 76,831.99	\$ -	\$ 116,138.84	\$	217,202.98

**ANALYSIS OF 2016 PROPERTY TAX LEVY**

General Purpose Tax	\$ 41,464,135.79
Add'd & Omitted Taxes (54:4-6 et seq)	<u>91,122.79</u>
Total	<u>\$ 41,555,258.58</u>
TAX LEVY:	
Local District School Tax	\$ 10,624,665.00
Regional High School Tax	11,964,667.00
County Taxes	8,710,719.38
Municipal Open Space	124,472.86
Special District Taxes	1,886,465.00
Local Tax for Municipal Purposes	\$ 8,161,689.17
Add: Additional Taxes Levied	<u>82,580.17</u>
Total	<u>\$ 41,555,258.58</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	578,759.92
Increased by:		
Transfers from 2016 Taxes Receivable	\$	306,709.02
		<hr/>
Subtotal		885,468.94
Decreased by:		
Collections		68,268.21
		<hr/>
Balance December 31, 2016	\$	<u>817,200.73</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (ASSESSED VALUATION)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 & 2015	\$	<u>4,904,076.98</u>
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**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	COLLECTED	BALANCE DECEMBER 31, 2016
Revenue Accounts Receivable:				
Licenses:				
Alcoholic Beverages		\$ 22,224.62	\$ 22,224.62	
Other		3,236.00	3,236.00	
Fees & Permits		61,244.04	61,244.04	
Fines & Costs - Municipal Court	\$ 17,060.81	244,842.68	245,279.37	\$ 16,624.12
Interest & Costs on Taxes		179,401.17	179,401.17	
Interest on Investments & Deposits		31,114.23	31,114.23	
Cable Television and Franchise Fees		82,372.40	82,372.40	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		1,446,156.00	1,446,156.00	
Garden State Trust		5,548.00	5,548.00	
Uniform Construction Code Fees		216,504.00	216,504.00	
Township of Buena - Joint Municipal Court		120,000.00	120,000.00	
Medical Service Billing		219,619.69	219,619.69	
Uniform Fire Safety Act		27,792.76	27,792.76	
Liquidation of Interfund Receivable - Trust Other Fund		125,000.00	125,000.00	
Municipal Alliance on Alcoholism and Drug Abuse - Prior Year		-	-	
	<u>\$ 17,060.81</u>	<u>\$ 2,785,055.59</u>	<u>\$ 2,785,492.28</u>	<u>\$ 16,624.12</u>
			Cash Receipts \$ 2,660,492.28	
			Due Trust - Other <u>125,000.00</u>	
			<u>\$ 2,785,492.28</u>	

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES  
N.J.S. 40A:4-55 SPECIAL EMERGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	BALANCE DECEMBER 31, 2015	RAISED IN 2016 BUDGET	BALANCE DECEMBER 31, 2016
Overexpenditure of Appropriations	\$ 24,386.00	\$ 24,386.00	\$ -
Emergency Appropriation	203,000.00	203,000.00	-
Total	<u>\$ 227,386.00</u>	<u>\$ 227,386.00</u>	<u>\$ -</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 149,780.98
Increased by:		
Overpayments - Created		19,844.58
Subtotal		169,625.56
Decreased by:		
Overpayments Applied	76,831.99	
Overpayments Cancelled	2,061.19	
Cash Disbursements - Refunds	10,349.61	
		89,242.79
Balance December 31, 2016		\$ 80,382.77

**STATEMENT OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 410,737.34
Increased by:		
Cash Receipts - 2016 Tax Collections		434,749.19
Subtotal		845,486.53
Decreased by:		
Application to 2016 Taxes		410,737.34
Balance December 31, 2016		\$ 434,749.19

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2015 ENCUMBRANCES <u>PAYABLE</u>	2015 RESERVE <u>BALANCE</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
General Government:					
General Administration:					
Other Expenses	\$ 4,143.81	\$ 4,006.06	\$ 8,149.87	\$ 4,208.26	\$ 3,941.61
Human Resources (Personnel):					
Other Expenses	345.00	3,033.81	3,378.81	555.00	2,823.81
Mayor and Council:					
Salaries and Wages		100.16	100.16		100.16
Other Expenses		1,439.15	1,439.15		1,439.15
Municipal Clerk:					
Other Expenses	25.00	5,567.94	5,592.94	107.80	5,485.14
Financial Administration (Treasury):					
Salaries and Wages		6,224.55	6,224.55		6,224.55
Other Expenses	778.47	8,993.07	9,771.54	1,273.52	8,498.02
Audit Services:					
Other Expenses			7,000.00	6,995.00	5.00
Centralized Computerized Data Processing					
Other Expenses		6,237.75	6,237.75	225.74	6,012.01
Revenue Administration - Collection of Taxes:					
Salaries and Wages		8.47	8.47		8.47
Other Expenses		8,961.80	8,961.80	6,986.60	1,975.20
Legal Services and Costs:					
Other Expenses	1,500.00	4,990.99	11,490.99	11,490.99	-
Engineering Services:					
Other Expenses		9,164.22	2,164.22	1,390.00	774.22
Historical Commission:					
Salaries and Wages		300.00	300.00		300.00
Other Expenses		940.00	940.00		940.00
Economic Development:					
Other Expenses		10,000.00	10,000.00		10,000.00
Construction Official:					
Other Expenses	653.97	17.36	671.33	630.97	40.36
Municipal Court:					
Other Expenses		2,537.95	2,537.95	148.50	2,389.45
Public Defender:					
Salaries and Wages		3,009.92	3,009.92		3,009.92
Land Use Administration:					
Planning Board:					
Other Expenses	411.57	10,437.78	10,849.35	6,778.74	4,070.61
Zoning Board of Adjustment:					
Salaries and Wages		2,953.12	2,953.12		2,953.12
Other Expenses	2,000.00	2,326.00	4,326.00	2,387.50	1,938.50
Demolition of Buildings:					
Other Expenses		3,000.00	3,000.00		3,000.00
Public Safety Functions:					
Police:					
Salaries and Wages		91,024.43	81,024.43	21,823.55	59,200.88
Other Expenses	53,805.63	102,836.19	156,641.82	104,183.16	52,458.66
Office of Emergency Management:					
Salaries and Wages		2,000.00	2,000.00		2,000.00
Other Expenses	209.10	1,662.92	1,872.02	209.10	1,662.92
Aid to Volunteer Ambulance Companies:					
Other Expenses		6,369.21	6,369.21	134.34	6,234.87
Uniform Fire Safety and Inspection Act:					
Salaries and Wages		232.29	232.29		232.29
Other Expenses	198.74	1,198.44	1,397.18	1,316.01	81.17
Streets and Roads:					
Other Expenses	4,404.76	6,003.95	10,408.71	2,990.11	7,418.60
Solid Waste Collection:					
Salaries and Wages		111.72	111.72		111.72
Other Expenses		965.31	965.31	163.52	801.79

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2015 ENCUMBRANCES <u>PAYABLE</u>	2015 RESERVE <u>BALANCE</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Public Buildings & Grounds:					
Other Expenses	6,664.14	16,402.76	18,066.90	3,693.16	14,373.74
Recreation Services and Programs:					
Other Expenses		3,410.42	3,410.42		3,410.42
Community Center:					
Other Expenses		1,754.44	1,754.44		1,754.44
Vehicle Maintenance:					
Other Expenses	29,172.22	27,595.42	56,767.64	11,576.22	45,191.42
Health & Human Services:					
Public Health Services:					
Salaries and Wages		4,715.79	4,715.79		4,715.79
Other Expenses	1,176.40	3,578.89	4,755.29	1,176.40	3,578.89
Environmental Health Committee (N.J.S.A. 40:56A-1)					
Other Expenses		258.34	258.34		258.34
Insurance:					
Liability Insurance		22,932.00	22,932.00		22,932.00
Worker's Compensation		4,620.83	4,620.83		4,620.83
Health Waiver Benefit		15,000.00	15,000.00		15,000.00
Group Insurance for Employees		11,688.49	11,688.49		11,688.49
Other Common Operating Functions (Unclassified):					
Celebration of Public Events, Anniv. or Holiday					
Other Expenses		6,287.20	6,287.20		6,287.20
Cable Television Commission:					
Salaries and Wages		4,438.86	4,438.86		4,438.86
Other Expenses		2,280.00	2,280.00		2,280.00
Maintenance of Parks:					
Other Expenses	2,402.00	24,963.74	27,365.74	2,402.00	24,963.74
Agricultural Board:					
Other Expenses		100.00	100.00		100.00
Utility Expenses & Bulk Purchases:					
Electricity		667.38	2,667.38	1,801.53	865.85
Street Lighting		1,559.68	4,559.68	2,670.72	1,888.96
Telephone	2,483.34	233.38	3,716.72	3,288.94	427.78
Gas (Natural/Propane)		37,772.18	37,772.18		37,772.18
Fuel Oil	7,521.99	49,460.12	56,982.11	4,609.14	52,372.97
Gasoline	4,845.72	72,169.07	77,014.79	6,322.32	70,692.47
Landfill/Solid Waste Disposal:					
Tipping Fees	38,652.41	102,157.44	140,809.85	92,212.76	48,597.09
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":					
Contribution to:					
Social Security System (O.A.S.I)		18,756.68	18,756.68		18,756.68
Unemployment Insurance		1,926.10	1,926.10		1,926.10
Defined Contribution Plan		1,000.00	1,000.00		1,000.00
OPERATIONS - EXCLUDED FROM "CAPS"					
Joint Municipal Court - Buena Township:					
Other Expenses		14,200.00	14,200.00		14,200.00
Revenue Administration - Township of Monroe:					
Other Expenses		7,603.96	7,603.96	7,603.96	-
Emergency Medical Services Staffing:					
Other Expenses	2,205.57	18,168.59	24,374.16	20,086.03	4,288.13
Total	\$ 163,599.84	\$ 782,356.32	\$ 945,956.16	\$ 331,441.59	\$ 614,514.57

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 28,396.46
2016 Levy:		
County General	\$ 8,161,406.18	
County Open Spaces Taxes	529,250.61	
County Share of 2016 Added & Omitted Tax Levy	<u>20,062.59</u>	
		<u>8,710,719.38</u>
Subtotal		8,739,115.84
Decreased by:		
Disbursements		<u>8,719,053.25</u>
Balance December 31, 2016		<u><u>\$ 20,062.59</u></u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 89,587.98
Increased by:	
2016 Levy (Calender Year)	<u>10,624,665.00</u>
Subtotal	10,714,252.98
Decreased by:	
Disbursements	<u>10,627,796.00</u>
Balance December 31, 2016	<u><u>\$ 86,456.98</u></u>

**STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 339,440.98
Increased by:	
2016 Levy (Calender Year)	<u>11,964,667.00</u>
Subtotal	12,304,107.98
Decreased by:	
Disbursements	<u>12,086,896.54</u>
Balance December 31, 2016	<u><u>\$ 217,211.44</u></u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ -
Increased by:		
2016 Levy (Calender Year):		
Municipal Open Space Taxes	\$ 123,240.00	
Added & Omitted Taxes	<u>1,232.86</u>	
		<u>124,472.86</u>
Subtotal		124,472.86
Decreased by:		
Due to Municipal Open Space Trust Fund		<u>124,472.86</u>
Balance December 31, 2016		<u><u>\$ -</u></u>

**STATEMENT OF SPECIAL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ -
Increased by:		
2016 Levy (Calender Year)		<u>1,886,465.00</u>
Subtotal		1,886,465.00
Decreased by:		
Disbursements		<u>1,886,465.00</u>
Balance December 31, 2016		<u><u>\$ -</u></u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF DUE TO STATE - DCA FEES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 7,920.00
Increased by:	
Fees Collected	<u>16,992.00</u>
Subtotal	24,912.00
Decreased by:	
Disbursements	<u>20,921.00</u>
Balance December 31, 2016	<u><u>\$ 3,991.00</u></u>

**STATEMENT OF DUE TO STATE - MARRIAGE LICENSE FEES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 525.00
Increased by:	
Fees Collected	<u>1,675.00</u>
Subtotal	2,200.00
Decreased by:	
Disbursements	<u>1,950.00</u>
Balance December 31, 2016	<u><u>\$ 250.00</u></u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF RESERVE FOR SENIOR CITIZENS ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 & 2015	\$ <u>1,969.83</u>
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**STATEMENT OF RESERVE FOR PERFORMANCE BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 7,440.00
Decreased by:	
Cash Disbursements	<u>2,700.00</u>
Balance December 31, 2016	<u>\$ 4,740.00</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF RESERVE FOR DEPOSITS FOR SALE OF LAND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 and 2015 \$ 3,650.00

**STATEMENT OF RESERVE FOR MASTER PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 and 2015 \$ 15,159.42

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ (46,645.41)
Increased by:		
Cash Disbursements	\$ 185,686.69	
Prior Year Reimbursements	<u>108,899.66</u>	
		<u>294,586.35</u>
Subtotal		247,940.94
Decreased by:		
Cash Receipts		<u>240,950.09</u>
Balance December 31, 2016		<u><u>\$ 6,990.85</u></u>

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF DUE FROM CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	49,647.17
Increased by:			
Grant Receipts Deposited into Current Fund - Grants Receivable	\$		117,089.62
Grant Receipts Deposited into Current Fund - Unappropriated			4,912.73
Due from General Capital Fund - Deposited into Current Fund			116,823.00
Local Match - Municipal Alliance Grant			3,535.00
Prior Year Deferred Charge Raised in Current Fund			20,284.72
			262,645.07
			312,292.24
Decreased by:			
Grant Fund Expenditures Disbursed by Current Fund			84,094.79
			84,094.79
Balance December 31, 2016		\$	228,197.45

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ANTICIPATED REVENUE	CASH RECEIVED	TRANSFERRED FROM UNAPPROPRIATED	BALANCE DECEMBER 31, 2016
Federal Grants:					
Bulletproof Vest Fund	\$ 7,611.89				\$ 7,611.89
Community Development Block Grant:	995.30				995.30
New Jersey Avenue and Maple Avenue Road Project	50,000.00				50,000.00
Newfield Community Center		\$ 25,000.00			25,000.00
<b>Total Federal Grants</b>	<b>58,607.19</b>	<b>25,000.00</b>	<b>-</b>	<b>-</b>	<b>83,607.19</b>
State Grants:					
New Jersey Department of Transportation Fund:					
Reconstruction of Grant Avenue	82.26				82.26
Reconstruction of Weymouth Road - Phase III	227,458.39				227,458.39
Dutch Mill Road		193,000.00			193,000.00
Municipal Alliance for Drug and Alcohol Abuse		25,670.00	\$ 25,670.00		-
Alcohol Education and Rehabilitation		589.33		\$ 589.33	-
Clean Communities Grant	773.59	55,556.69	55,556.69		773.59
Recycling Tonnage Grant		19,833.90	19,833.90		
Drunk Driving Enforcement Fund		8,020.25	8,020.25		
Emergency Management Assistance Program	5,000.00				5,000.00
Gloucester County Improvement Authority	500.00				500.00
<b>Total State Grants</b>	<b>233,814.24</b>	<b>302,670.17</b>	<b>109,080.84</b>	<b>589.33</b>	<b>426,814.24</b>
Other Grants					
ANJEC Grant - Environmental Commission	1,500.00				1,500.00
JIF Safety Incentive Program		8,325.00	8,008.78		316.22
<b>Total Other Grants</b>	<b>1,500.00</b>	<b>8,325.00</b>	<b>8,008.78</b>	<b>-</b>	<b>1,816.22</b>
<b>Total</b>	<b>\$ 293,921.43</b>	<b>\$ 335,995.17</b>	<b>\$ 117,089.62</b>	<b>\$ 589.33</b>	<b>\$ 512,237.65</b>

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	TRANSFERRED FROM 2016 BUDGET	PRIOR YEAR ENCUMBRANCES	EXPENDED	ENCUMBERED	BALANCE DECEMBER 31, 2016	OVER - EXPENDITURE
Federal Grants:							
Bulletproof Vest Fund	\$ 8,826.89			\$ 320.82	\$ 921.00	\$ 7,905.89	
Community Development Block Grant:	995.30					674.48	
New Jersey Avenue and Maple Avenue Road Project	50,000.00			21,544.50		50,000.00	
Newfield Community Center		\$ 25,000.00				3,455.50	
<b>Total Federal Grants</b>	<b>59,822.19</b>	<b>25,000.00</b>	<b>-</b>	<b>21,865.32</b>	<b>921.00</b>	<b>62,035.87</b>	<b>-</b>
State Grants:							
New Jersey Department of Transportation Fund:							
Reconstruction of Grant Avenue	3,462.26					-	3,462.26
Reconstruction of Weymouth Road - Phase III	230,537.27			3,078.88		227,458.39	
Dutch Mill Road		193,000.00		10,189.21		182,810.79	
Municipal Alliance for Drug and Alcohol Abuse		29,205.00		34,080.67	458.30	-	5,333.97
Alcohol Education and Rehabilitation	745.21	589.33				1,334.54	
Body Armor Grant	3,090.64					3,090.64	
Clean Communities Grant	100,434.55	55,556.69		33,711.92		122,279.32	
Recycling Tonnage Grant	45,215.44	19,833.90	\$ 5,800.00	1,361.25		69,488.09	
Drunk Driving Enforcement Fund	8,178.71	8,020.25	253.50	3,424.46		13,028.00	
Emergency Management Assistance	2,550.64					2,550.64	
<b>Total State Grants</b>	<b>394,214.72</b>	<b>306,205.17</b>	<b>6,053.50</b>	<b>85,846.39</b>	<b>458.30</b>	<b>625,502.67</b>	<b>5,333.97</b>
Other Grants:							
ANJEC Grant - Environmental Commission	800.00					800.00	
JIF Safety Incentive Program	3,474.83	8,325.00		8,116.79	501.41	3,181.63	
<b>Total Other Grants</b>	<b>4,274.83</b>	<b>8,325.00</b>	<b>-</b>	<b>8,116.79</b>	<b>501.41</b>	<b>3,981.63</b>	<b>-</b>
<b>Total</b>	<b>\$ 458,311.74</b>	<b>\$ 339,530.17</b>	<b>\$ 6,053.50</b>	<b>\$ 115,828.50</b>	<b>\$ 1,880.71</b>	<b>\$ 691,520.17</b>	<b>\$ 5,333.97</b>
Budget Appropriations	\$ 334,780.17						
Appropriated by NJSA 40A:487	4,750.00						
Cash Disbursed - Current Fund				\$ 84,094.79			
Cash Disbursed - General Capital Fund				31,733.71			
				\$ 115,828.50			

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT	BALANCE DECEMBER 31, 2015	REALIZED AS REVENUE IN 2016 BUDGET	CASH RECEIVED	BALANCE DECEMBER 31, 2016
State Grants:				
Municipal Alliance for Drug and Alcohol Abuse	\$ 4,820.50		\$ 266.00	\$ 5,086.50
Alcohol Education and Rehabilitation	589.33	\$ 589.33	302.16	302.16
Body Armor Fund			2,344.57	2,344.57
Environmental Grant	10,000.00			10,000.00
Click It or Ticket			2,000.00	2,000.00
Total State Grants	<u>15,409.83</u>	<u>589.33</u>	<u>4,912.73</u>	<u>19,733.23</u>
Other Grants:				
JIF Safety Incentive Program	<u>901.25</u>			<u>901.25</u>
Total Other Grants	<u>901.25</u>	-	-	<u>901.25</u>
Total	<u>\$ 16,311.08</u>	<u>\$ 589.33</u>	<u>\$ 4,912.73</u>	<u>\$ 20,634.48</u>

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**TRUST FUND**

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**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ANIMAL CONTROL FUND	TRUST - OTHER	MUNICIPAL OPEN SPACE
Balance December 31, 2015	\$ 91,098.77	\$ 2,162,449.40	\$ 264,150.88
Increased by Receipts:			
Animal Control License Fees	\$ 25,814.20		
Due to State of New Jersey - Department of Health	6,652.80		
Due Current Fund		\$ 2,939,055.33	\$ 121,030.28
Miscellaneous Trust Reserves		5,231,946.96	36,801.46
State of NJ - Agriculture Development Committee Award			124,792.00
Municipal Open Space - Revenue Realized	<u>32,467.00</u>	<u>8,171,002.29</u>	<u>282,623.74</u>
Subtotal	123,565.77	10,333,451.69	546,774.62
Decreased by Disbursements:			
Reserve for Animal Control Fund Expenditures	6,579.12		
Due to State of New Jersey - Department of Health	6,666.60		
Due Current Fund	55,911.45	3,282,827.26	
Due General Capital Fund		28,235.00	
Miscellaneous Trust Reserves		5,673,497.63	800.00
Municipal Open Space - Prior Year Reserve for Encumbrances			8,000.00
Municipal Open Space - Budget Appropriations	<u>69,157.17</u>	<u>8,984,559.89</u>	<u>8,800.00</u>
Balance December 31, 2016	<u>\$ 54,408.60</u>	<u>\$ 1,348,891.80</u>	<u>\$ 537,974.62</u>

**TOWNSHIP OF FRANKLIN  
TRUST FUND - ANIMAL CONTROL FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY - DEPARTMENT OF HEALTH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 13.80
Increased by:	
2016 State License Fees Collected	<u>6,652.80</u>
Subtotal	6,666.60
Decreased by:	
Disbursements to State of New Jersey	<u>6,666.60</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

**SCHEDULE OF DUE TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 36,237.57
Increased by:	
Statutory Excess Due to Current Fund	<u>19,675.68</u>
Subtotal	55,913.25
Decreased by:	
Disbursements	<u>55,911.45</u>
Balance December 31, 2016	<u><u>\$ 1.80</u></u>

**TOWNSHIP OF FRANKLIN  
TRUST FUND - ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 54,947.40
Increased by:		
Dog License Fees Collected	\$ 25,719.20	
Miscellaneous Other Fees	95.00	
		25,814.20
Subtotal		80,761.60
Decreased by:		
Expenditures Under R.S.4:19-15.11:		
Disbursed	6,579.12	
Statutory Excess Due Current Fund	19,675.68	
		26,254.80
Balance December 31, 2016		\$ 54,506.80

**LICENSE FEES COLLECTED**

2015	\$	27,502.80
2014		27,004.40
Total	\$	54,507.20

**TOWNSHIP OF FRANKLIN  
TRUST FUND - OTHER  
SCHEDULE OF DUE (TO)/FROM CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	INCREASED BY DISBURSED TO CURRENT FUND	DECREASED BY RECEIPTS	BALANCE DECEMBER 31, 2016
Ambulance Corpotation	\$ (197.01)	\$ 384.86	\$ 206.32	\$ (18.47)
Payroll Deductions Payable	(194,409.65)	3,133,020.09	2,938,610.44	-
Public Defender	(555.12)	560.24		5.12
Recreation Commission	(106.19)	341.34	235.37	(0.22)
Recreation Facilities	(3.16)	6.31	3.15	-
Site Plan Review Escrow	(61,989.25)	61,989.25		-
Tax Title Liens Redemptions	(84,943.26)	84,943.26		-
Tax Title Liens Premiums	(358.20)	358.20		-
Uniform Fire Dedicated Penalties	(1.38)	1.38	0.05	(0.05)
Other	(1,222.33)	1,222.33		-
<b>Total</b>	<b>\$ (343,785.55)</b>	<b>\$ 3,282,827.26</b>	<b>\$ 2,939,055.33</b>	<b>\$ (13.62)</b>

**TOWNSHIP OF FRANKLIN  
TRUST FUND - OTHER  
SCHEDULE OF MISCELLANEOUS TRUST RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, <u>2015</u>	INCREASED BY <u>RECEIPTS</u>	DECREASED BY <u>DISBURSEMENTS</u>	TRANSFERS/ <u>ADJUSTMENTS</u>	BALANCE DECEMBER 31, <u>2016</u>
Ambulance Corporation	\$ 38,298.17	\$ 20,543.22	\$ 12,709.45		\$ 46,131.94
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 Grant	160.00				160.00
Payroll Deductions Payable	7,016.04	2,415,457.50	2,421,529.62		943.92
Performance Bond	117,596.76	587.77			118,184.53
P.O.A.A.	151.73				151.73
Police Canine Unit	4,960.40				4,960.40
Police Forfeited Funds	20,257.23	4,390.37			24,647.60
Public Defender	11,668.00	9,616.00	7,000.00		14,284.00
Recreation Commission	32,670.53	37,953.00	40,706.13		29,917.40
Recreation Facilities	7,441.69				7,441.69
Senior Citizens	36,000.00				36,000.00
Site Plan Review Escrow	256,627.68	133,596.75	167,759.38		222,465.05
Tax Title Liens Redemptions		2,267,934.35	2,252,049.93	\$ (19,461.42)	(3,577.00)
Tax Title Liens Premiums	1,242,450.17	337,200.00	770,619.62	19,461.42	828,491.97
Train Station Donations	2,176.53	315.00			2,491.53
Crime Stoppers	2,300.00				2,300.00
Police Unity	2,484.00	3,106.00			5,590.00
Police Youth Week	557.81	700.00	1,123.50		134.31
Uniform Fire Dedicated Penalties		547.00			547.00
	<hr/>				
Total	\$ 1,790,428.85	\$ 5,231,946.96	\$ 5,673,497.63	\$ -	\$ 1,348,878.18

**TOWNSHIP OF FRANKLIN  
TRUST - MUNICIPAL OPEN SPACE FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 330,255.28
Increased by:		
2016 Revenue Realized	\$ 124,792.00	
State of NJ - Agriculture Development Committee Award	36,801.46	
Unexpended Balance of Appropriation Reserves	54,125.88	
	<u>215,719.34</u>	<u>215,719.34</u>
Subtotal		545,974.62
Decreased by:		
2016 Budget Appropriations		<u>123,240.00</u>
Balance December 31, 2016		<u><u>\$ 422,734.62</u></u>

**GENERAL CAPITAL FUND**

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**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 523,597.60
Increased by:		
Due Current Fund	\$ 654,313.43	
Due Recreation Trust Fund	28,235.00	
Capital Improvement Fund	1,000.00	
Premium on Sale of Notes	42,073.00	
Bond Anticipation Note Proceeds	489,250.00	
	<u>1,214,871.43</u>	<u>1,214,871.43</u>
Subtotal		1,738,469.03
Decreased by:		
Due Current Fund	\$ 20,000.00	
Due to Federal & State Grant Fund	148,556.71	
Improvement Authorizations	729,428.40	
	<u>897,985.11</u>	<u>897,985.11</u>
Balance December 31, 2016		<u><u>\$ 840,483.92</u></u>



**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 3,990,000.00
Decreased by:	
Budget Appropriation to Pay:	
General Serial Bonds	<u>545,000.00</u>
Balance December 31, 2016	<u><u>\$ 3,445,000.00</u></u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	DESCRIPTION	BALANCE DECEMBER 31, 2015	INCREASED BY IMPROVEMENT AUTHORIZATIONS	NOTES PAID BY BUDGET APPROPRIATION	IMPROVEMENT AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2016	ANALYSIS OF BALANCE	
							FINANCED BY NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
25-08	Various Capital Improvements	\$ 831,500.00	\$	35,750.00	\$	795,750.00	\$	795,750.00
26-08, 15-14	Various Capital Improvements	444,800.00		15,950.00	210,000.00	218,850.00		218,850.00
18-11	Various Capital Improvements:							
	Purchase Dump Trucks with Snow Attachments	370,190.00		14,560.00		355,630.00		355,630.00
	Purchase Automated Trucks for Recycling Services	530,150.00		20,850.00		509,300.00		509,300.00
	Purchase Automated Trash and Recycling Cans	306,665.00		12,060.00		294,605.00		294,605.00
	Construction of Certain Road Improvements	731,700.00		28,775.00		702,925.00		702,925.00
	Purchase Various Radios and Equipment	8,225.00		325.00		7,900.00		7,900.00
	Purchase Hot Box for Asphalt Storage	18,280.00		720.00		17,560.00		17,560.00
	Purchase Ambulance with Related Equipment	182,810.00		7,190.00		175,620.00		175,620.00
	Improvements to Public Buildings and Grounds	137,105.00		5,395.00		131,710.00		131,710.00
	Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	1,371,075.00		53,925.00		1,317,150.00		1,317,150.00
14-14	Construction of a Venting System for the Landfill	123,500.00				123,500.00	\$	123,500.00
11-15	Various Capital Improvements:							
	Acquisition of Public Works Equipment	95,000.00				95,000.00		95,000.00
	Phase I Park Improvements	190,000.00				190,000.00		190,000.00
	Repaving and/or Reconstruction of Various Roads	190,000.00				190,000.00		190,000.00
	Various Improvements to the Community Center	14,250.00				14,250.00		14,250.00

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	DESCRIPTION	BALANCE DECEMBER 31, 2015	INCREASED BY IMPROVEMENT AUTHORIZATIONS	NOTES PAID BY BUDGET APPROPRIATION	IMPROVEMENTS AUTHORIZED, CANCELLED	BALANCE DECEMBER 31, 2016	ANALYSIS OF BALANCE	
							FINANCED BY NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
14-16	Various Capital Improvements:							
	Purchase 4-Ton Diesel Fire Road Maint. Vehicle	\$	42,000.00			42,000.00	42,000.00	
	Construction of Hockey Rink		150,000.00			150,000.00	150,000.00	
	Purchase of Metal Gates		9,000.00			9,000.00	9,000.00	
	Purchase of Brine Equipment		9,000.00			9,000.00	9,000.00	
	<b>Total</b>	\$ 5,545,250.00	\$ 210,000.00	\$ 195,500.00	\$ 210,000.00	\$ 5,349,750.00	\$ 5,226,250.00	\$ 123,500.00

Improvement Authorizations - Unfunded		
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:		\$ 886,332.10
Ordinance No. 25-08/15-14		36,995.99
Ordinance No. 18-11		355,903.61
Ordinance No. 11-15		205,330.22
Ordinance No. 14-16		164,602.28
		<u>\$ 123,500.00</u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE FROM/(TO) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	542,034.31
Increased by:			
Grant Reciepts Collected in Current Fund	\$		92,279.12
Cash Disbursement		<u>20,000.00</u>	
			<u>112,279.12</u>
Subtotal			654,313.43
Decreased by:			
Cash Receipts			<u>654,313.43</u>
Balance December 31, 2016		<u>\$</u>	<u>-</u>

**SCHEDULE OF GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	194,718.86
Decreased by:			
Grant Receipts			<u>92,279.12</u>
Balance December 31, 2016		<u>\$</u>	<u>102,439.74</u>
 <u>Analysis of Balance</u>			
Ord 11-15 Department of Transportation - Grant Avenue		\$	52,439.74
Ord 11-15 Gloucester County CDBG Grant - NJ, Maple and Delaware Ave			<u>50,000.00</u>
		<u>\$</u>	<u>102,439.74</u>

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF MONMOUTH, NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance</u>	
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2015</u>	<u>December 31, 2016</u>
2012 Refunding Bonds	8/22/2012	\$ 5,445,000.00	5/1/17	595,000.00	3.00%	\$ 3,990,000.00	\$ 3,445,000.00
			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%	
						<u>\$ 3,990,000.00</u>	<u>\$ 3,445,000.00</u>
						<u>Decreased</u>	<u>2016</u>
						\$ 545,000.00	\$ 3,445,000.00

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORIGINAL AMOUNT ISSUED	ORIGINAL ISSUE DATE	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
25-08	Various Improvements	351,965.00	9/18/2008	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	\$ 257,800.00	\$ 245,600.00	\$ 257,800.00	\$ 245,600.00
25-08	Various Improvements	308,285.00	4/18/2012	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	296,600.00	285,950.00	296,600.00	285,950.00
25-08	Various Improvements	372,400.00	9/18/2008	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	277,100.00	264,200.00	277,100.00	264,200.00
26-08, 15-14	Supplemental Environmental Cleanu	460,750.00	4/18/2012	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	444,800.00	218,850.00	444,800.00	218,850.00
18-11	Various Capital Improvements	3,800,000.00	4/18/2012	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	3,188,200.00	3,044,400.00	3,188,200.00	3,044,400.00
18-11	Various Capital Improvements	468,000.00	04/17/14	04/15/15 04/16/16	04/16/16 04/15/17	0.58% 2.00%	468,000.00	468,000.00	468,000.00	468,000.00
11-15	Various Capital Improvements	489,250.00	04/16/16	04/16/16	04/15/17	2.00%		489,250.00	489,250.00	489,250.00
14-16	Various Capital Improvements	210,000.00	04/16/16	04/16/16	04/15/17	2.00%		210,000.00		210,000.00
<b>Total</b>							<b>\$ 4,932,500.00</b>	<b>\$ 5,226,250.00</b>	<b>\$ 4,932,500.00</b>	<b>\$ 5,226,250.00</b>
							<b>Budget Appropriation</b>			
							<b>Issued for Cash</b>		<b>\$ 489,250.00</b>	
							<b>Rollover</b>		<b>4,737,000.00</b>	
							<b>\$ 5,226,250.00</b>		<b>\$ 4,932,500.00</b>	

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT		BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	PAID OR CHARGED	EXPENDED		AUTHORIZATIONS CANCELLED		BALANCE DECEMBER 31, 2016	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED				ENCUMBERED	UNFUNDED	FUNDED	UNFUNDED		
26-08, 15-14	Various Capital Improvements: Supplemental Environmental Cleanup Construction of a Venting System for the Landfill	6/24/14 6/24/14	\$ 288,124.00 143,366.33		\$ 253,426.49 6,277.41			\$ 6,430.50 6,277.41				\$ 210,000.00		\$ 36,995.99	
18-11	Various Capital Improvements: Purchase Automated Trash and Recycling Cans Purchase Various Radios and Equipment Purchase Ambulance with Related Equipment Improvements to Public Buildings and Grounds Construction of Certain Road Improvements Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	12/13/11 12/13/11 12/13/11 12/13/11 12/13/11 12/13/11	335,500.00 9,000.00 200,000.00 150,000.00 800,500.00 1,500,000.00		9,463.50 8,550.00 190,000.00 24,504.20 -			9,038.00 -					\$ 210,000.00	\$ 425.50 8,550.00 190,000.00 24,504.20 -	
04-13	Acquisition of Equipment for Police	2/26/13	153,030.00		680.76			210.00						680.76	
14-14	Construction of a Venting System for the Landfill	6/24/14	130,000.00		6,500.00	123,500.00		5,249.59						1,250.41	123,500.00
11-15	Various Capital Improvements: Acquisition of Public Works Equipment Phase I Park Improvements Repaving and/or Reconstruction of Various Roads Repaving and/or Reconstruction of Grant Avenue Repaving and/or Reconstruction of New Jersey, Maple, and Delaware Avenue Various Improvements to the Community Center	6/9/15 6/9/15 6/9/15 6/9/15 6/9/15 6/9/15	100,000.00 200,000.00 200,000.00 470,000.00 50,000.00 15,000.00		17,124.00 176,600.00 190,000.00 6,000.00 439,910.00 48,690.00 7,511.00			6,674.50 4,040.00 7,489.00	3,646.50 191,904.78 385,700.26	3,028.00				58,249.74	17,124.00 176,600.00 4,095.22 -
14-16	Various Capital Improvements: Purchase 4-Ton Diesel Fire Road Maint. Vehicle Construction of Hockey Rink Purchase of Metal Gates Purchase of Brine Equipment	11/2/16 11/2/16 11/2/16 11/2/16	42,000.00 150,000.00 9,000.00 9,000.00		\$ 42,000.00 150,000.00 9,000.00 9,000.00			39,887.00							2,113.00 150,000.00 9,000.00 3,489.28
					\$ 509,539.10	\$ 1,142,080.51	\$ 210,000.00	\$ 35,486.41	\$ 729,428.40	\$ 3,406.27	\$ 210,000.00	\$ 67,739.25	\$ 886,332.10		
Deferred Charges to Future Taxation - Unfunded						\$ 210,000.00									

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 and 2015	<u>\$ 12,000.00</u>
 <u>Analysis of Balance</u>	
ORD 18-11 Purchase of Dump Truck	<u>\$ 12,000.00</u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	79,750.00
Increased by:		
Current Fund Budget Appropriation		1,000.00
Balance December 31, 2016	\$	80,750.00

**SCHEDULE OF RESERVE FOR DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	-
Increased by:		
Premium on Sale of Note		42,073.00
Balance December 31, 2016	\$	42,073.00

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	NOTES ISSUED	BALANCE DECEMBER 31, 2016
14-14	Venting System for Landfill	\$ 123,500.00		\$ 123,500.00
11-15	Acquisition of Public Works Equipment	95,000.00	\$ 95,000.00	
	Phase I Park Improvement	190,000.00	190,000.00	
	Reconstruction of Various Roads	190,000.00	190,000.00	
	Improvements to Community Center	14,250.00	14,250.00	
	Total	<u>\$ 612,750.00</u>	<u>\$ 489,250.00</u>	<u>\$ 123,500.00</u>

**PUBLIC ASSISTANCE FUND**

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**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 3,209.44
Decreased by:	
Transferred to Current Fund	<u>3,209.44</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

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**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**PART II**

**SCHEDULE OF FINDINGS & RECOMMENDATIONS -  
GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**TOWNSHIP OF FRANKLIN  
SCHEDULE OF FINDINGS & RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

**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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2016-001**

**Criteria of Specific Requirement:**

N.J.S.A 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 & State Grants – Appropriated reflects an over-expenditure in the amount of \$5,333.97

**Context:**

The Municipal Alliance for Drug and Alcohol Abuse grant was appropriated in the amount of \$29,205.00 and expense incurred were \$34,538.97 resulting in an over-expenditure in the amount of \$5,333.97.

**Cause:**

Management oversight

**Effect or Potential Effect:**

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

**Recommendation:**

That the Township review all expense prior to disbursement to ensure there are sufficient appropriations available.

**View of Responsible Officials and Corrective Action Plan:**

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

**TOWNSHIP OF FRANKLIN**  
**SCHEDULE OF FINDINGS & RECOMMENDATIONS (continued)**  
**YEAR ENDED DECEMBER 31, 2016**

**Schedule of Financial Statement Findings (continued)**

**Finding No. 2016-002**

Criteria of Specific Requirement:

An accurate analysis of the municipal and outside tax title lien redemption and premium accounts, including beginning balance, receipts, disbursements and ending balance is necessary to identify and allocate the individual balance per block and lot.

Condition:

The Township's accounting for municipal and outside tax title lien redemption and premiums accounts were not properly maintained during 2016. In addition, there is a negative \$3,577.00 balance in the Township's tax title lien redemption trust account.

Context:

An analysis of the municipal and outside tax title lien redemption and premiums accounts were not properly maintained to reflect current year activity and year end balances.

Cause:

Personnel changes occurred during 2016.

Effect or Potential Effect:

The municipal and outside tax title lien redemption and premium balances could be misstated.

Recommendation:

That the Township properly maintain the accounting records for the municipal and outside tax title lien redemption and premium accounts.

View of Responsible Officials and Corrective Action Plan:

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

**TOWNSHIP OF FRANKLIN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS PREPARED BY MANAGEMENT**

**YEAR ENDED DECEMBER 31, 2016**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15-08.

**Financial Statement Findings:**

**Finding No. 2015-01**

Condition:

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

Current Status:

This finding has be corrected.

**Finding No. 2015-02**

Condition:

The general ledger, together with the books of original entry and supporting subsidiary ledgers were not properly maintained during 2015. In addition, the bank reconciliations were not performed and reconciled to the general ledger account balances on a timely basis.

Current Status:

This finding has be corrected.

**Finding No. 2015-03**

Condition:

The Township's Current Fund Statement of Expenditures – Regulatory Basis reflects over-expenditures in the amount of \$24,386.00 and the Statement of Reserve for Federal and State Grants – Appropriated reflects an over-expenditure in the amount of \$20,284.72

Current Status:

This finding has been partially corrected. See Finding 2016-001.

**TOWNSHIP OF FRANKLIN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS PREPARED BY MANAGEMENT (continued)**

**YEAR ENDED DECEMBER 31, 2016**

**Finding No. 2015-04**

Condition:

The Township's accounting system for tax title lien redemptions and premium accounts were not properly maintained in 2015.

Current Status:

The finding has not been corrected. See Finding 2016-002

**Finding No. 2015-05**

Condition:

The Township did not properly maintain a detailed accounting of accrued compensated absences.

Current Status:

This finding has be corrected.

**Federal Awards**

Not applicable

**State Financial Assistance**

Not applicable.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**PART III**

**SUPPLEMENTARY DATA &  
LETTER OF COMMENTS AND RECOMMENDATIONS -  
REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Sheryl Neely	Mayor	
Louis Gonzalez	Committeeperson	
Edward Leopardi	Committeeperson (to 9-21-16)	
Donald Krevetski	Committeeperson	
Leah Vassallo	Committeeperson	
Heather Flaim	Committeeperson (from 10-11-17)	
Debra Fourre	Administrator (to 7-1-16)	(1)
	Chief Financial Officer (to 7-25-16)	(1)
Nancy Kennedy Brent	Administrator (from 7-1-16)	(1)
Charles J. Owens	Chief Financial Officer (from 7-25-16)	(1)
Barbara Freijomil	Township Clerk	(1)
Joanna Potopchuk	Tax Collector	(1)
Steven Rickershauser	Construction Code Official	(1)
Joan Sorbello Adams	Magistrate	(1)
Wendy Seitz	Court Administrator (to 5-14-16)	(1)
Tracey Bleda	Deputy Court Administrator (to 5-14-16)	(1)
	Court Administrator (from 5-14-16)	(1)
Angelina Roman	Deputy Court Administrator (from 5-14-16)	(1)
John C. Eastlack Jr. Esq.	Solicitor (to 10-19-16)	
Brendan Kavanaugh	Solicitor (from 10-19-16)	
Adams, Rehmann & Heggan	Engineers	

(1) \$1,000,000 per loss 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.

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2016.

**GENERAL COMMENTS:**

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

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

The bid threshold in accordance with N.J.S.A. 40A:II-4 was \$17,500. The Township adopted a resolution increasing the threshold to \$40,000 and appointed the Township Administrator as a qualified purchasing agent from 1/1/16 through 7/1/2016, the date of the Administrator’s termination, in accordance with regulations established by the Division of Local Government Services.

It is pointed out that the governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

*Newfield Terrace Community Center  
4 Ton Diesel Fire Road Maintenance Vehicle*

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

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other

than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

### **Collection of Interest on Delinquent Taxes and Assessments**

*N.J.S.54:4-67*, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 2, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Township Committee of the Township of Franklin, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Township Committee of the Township of Franklin, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on December 15, 2016.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2016	163
2015	200
2014	133

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

### **OTHER COMMENTS**

#### **Current Year Findings**

Finding 2016-01 (Finding No. 2016-001 in Schedule of Findings and Recommendations section)

The Township's Statement of Reserve for Federal & State Grants – Appropriated reflects an over-expenditure in the amount of \$5,333.97.

Finding 2016-02 (Finding No. 2016-002 in Schedule of Findings and Recommendations section)

The Township's accounting for municipal and outside tax title lien redemption and premiums accounts were not properly maintained during 2016. In addition, there is a negative \$3,577.00 balance in the Township's tax title lien redemption trust account.

Finding 2016-03

The Township did not properly maintain an accurate foreclosed property ledger as of December 31, 2016.

Finding 2016-04

During our testing of fixed assets we noted certain assets on the Township's fixed asset ledger at December 31, 2016 did not exist.

**RECOMMENDATIONS:**

That the Township review all expense prior to disbursement to ensure there are sufficient appropriations available.

That the Township properly maintain the accounting records for the municipal and outside tax title lien redemption and premium accounts.

That the Township properly maintain an accurate foreclosed property ledger.

That the Township maintain an accurate fixed asset ledger and make updates for additions and deletions on monthly basis.

## **Appreciation**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #435

Medford, New Jersey  
June 22, 2017