

**TOWNSHIP OF FRANKLIN**  
**AUDIT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2017**



**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**TABLE OF CONTENTS**

|   | <b>EXHIBIT</b> | <b>PAGE</b> |
|---|----------------|-------------|
| <b>PART I</b>   |                |             |
| Independent Auditor's Report  |                | 1           |
| 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 <i>Government Auditing Standards</i> |                | 5           |
| <b>Financial Statements – Regulatory Basis:</b>   |                |             |
| <u>Current Fund:</u>  |                |             |
| Statement of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis  | A              | 7           |
| Statement of Operations and Changes in Fund Balance – Regulatory Basis  | A-1            | 9           |
| Statement of Revenues – Regulatory Basis  | A-2            | 11          |
| Statement of Expenditures – Regulatory Basis  | A-3            | 13          |
| <u>Trust Fund:</u>  |                |             |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis   | B              | 18          |
| Open Space Trust Fund:  |                |             |
| Statement of Revenues – Regulatory Basis  | B-1            | 19          |
| Statement of Expenditures – Regulatory Basis  | B-2            | 20          |
| <u>General Capital Fund:</u>  |                |             |
| Statements of Assets, Liabilities, Reserves & Fund Balance – Regulatory Basis   | C              | 21          |
| <u>General Fixed Assets Account Group:</u>  |                |             |
| Statement of Fixed Assets & Fund Balance - Regulatory Basis   | D              | 22          |
| Notes to Financial Statements   |                | 23          |

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**TABLE OF CONTENTS**

|  | <b>EXHIBIT</b> | <b>PAGE</b> |
|--|----------------|-------------|
| <b>Supplemental Exhibits:</b>  |                |             |
| <u>Current Fund:</u>   |                |             |
| Schedule of Cash   | A-4            | 59          |
| Schedule of Change Funds   | A-5            | 60          |
| Schedule of Due from State of NJ Veterab and Senior Citizen Deductions | A-6            | 61          |
| Schedule of Taxes Receivable & Analysis of Property Tax Levy           | A-7            | 62          |
| Schedule of Tax Title Liens  | A-8            | 63          |
| Schedule of Property Acquired for Taxes                                | A-9            | 63          |
| Schedule of Revenue Accounts Receivable                                | A-10           | 64          |
| Schedule of Deferred Charges   | A-11           | 65          |
| Schedule of Tax Overpayments   | A-12           | 66          |
| Schedule of Prepaid Taxes  | A-13           | 66          |
| Schedule of 2016 Appropriation Reserves                                | A-14           | 67          |
| Schedule of County Taxes Payable                                       | A-15           | 69          |
| Schedule of Local District School Taxes Payable                        | A-16           | 70          |
| Schedule of Regional School District Taxes Payable                     | A-17           | 70          |
| Schedule of Municipal Open Space Taxes Payable                         | A-18           | 71          |
| Schedule of Special District Taxes Payable                             | A-19           | 71          |
| Schedule of Due to State - DCA Fees                                    | A-20           | 72          |
| Schedule of Due to State - Marriage License Fees                       | A-21           | 72          |
| Schedule of Reserve for Senior Citizens Activities                     | A-22           | 73          |
| Schedule of Reserve for Performance Bonds                              | A-23           | 73          |
| Schedule of Reserve for Deposits for Sale of Land                      | A-24           | 74          |
| Schedule of Reserve for Master Plan                                    | A-25           | 74          |
| Schedule of Due From/(To) Library                                      | A-26           | 75          |
| <u>Federal &amp; State Grant Fund:</u>                                 |                |             |
| Schedule of Due From Current Fund                                      | A-27           | 76          |
| Schedule of State & Federal Grants Receivable                          | A-28           | 77          |
| Schedule of Reserves for State & Federal Grants – Appropriated         | A-29           | 78          |
| Schedule of Reserves for State & Federal Grants – Unappropriated       | A-30           | 79          |
| <br><u>Trust Fund:</u>   |                |             |
| Schedule of Cash   | B-3            | 83          |
| <u>Animal Contol Fund:</u>   |                |             |
| Schedule of Due to State of NJ – Department of Health                  | B-4            | 84          |
| Schedule of Due to Current Fund  | B-5            | 84          |
| Schedule of Reserve for Animal Control Expenditures                    | B-6            | 85          |
| <u>Trust Fund - Other:</u>   |                |             |
| Schedule of Due (to)/from Current Fund                                 | B-7            | 86          |
| Schedule of Miscellaneous Trust Reserves                               | B-8            | 87          |
| <u>Municipal Open Space Trust Fund:</u>                                |                |             |
| Schedule of Reserve for Municipal Open Space                           | B-9            | 88          |

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**TABLE OF CONTENTS**

|   | <b>EXHIBIT</b> | <b>PAGE</b> |
|---|----------------|-------------|
| <b>Supplemental Exhibits (continued):</b>   |                |             |
| <u>General Capital Fund:</u>  |                |             |
| Schedule of Cash  | C-1            | 91          |
| Analysis of Cash  | C-2            | 92          |
| Schedule of Deferred Charges to Future Taxation-Funded  | C-3            | 93          |
| Schedule of Deferred Charges to Future Taxation-Unfunded  | C-4            | 94          |
| Schedule of Due From/(To) Current Fund  | C-5            | 96          |
| Schedule of Grants Receivable   | C-6            | 96          |
| Schedule of Serial Bonds Payable  | C-7            | 97          |
| Schedule of Bond Anticipation Notes   | C-8            | 98          |
| Schedule of Improvement Authorizations  | C-9            | 99          |
| Schedule of Contracts Payable   | C-10           | 100         |
| Schedule of Capital Improvement Fund  | C-11           | 101         |
| Schedule of Reserve for Debt Service  | C-12           | 101         |
| Schedule of Bonds and Notes Authorized but Not Issued   | C-13           | 102         |
| <b>PART II</b>  |                |             |
| <u>Financial Statement Findings - Governmental Auditing Standards:</u>                          |                |             |
| Schedule of Findings and Recommendations  | N/A            | 105         |
| Summary Schedule of Prior Year Audit Findings and Questioned Costs<br>as Prepared by Management | N/A            | 106         |
| <b>PART III</b>   |                |             |
| <u>Supplementary Data and Letter of Comments and Recommendations:</u>                           |                |             |
| Officials in Office   | N/A            | 109         |
| General Comments  | N/A            | 111         |
| Other Comments  | N/A            | 112         |
| Recommendations   | N/A            | 112         |
| Acknowledgment  | N/A            | 113         |

*This page intentionally left blank*

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

\*\*\*\*\*

*This page intentionally left blank*



## INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Franklin  
County of Gloucester  
Franklinville, New Jersey

### 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 as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 1, the financial statements are prepared by the Township of Franklin on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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, as of December 31, 2017 and 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, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the 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, 2017 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 that collectively comprise the Township’s basic financial statements. The supplemental schedules presented for the various funds 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 supplemental schedules presented for the various funds are 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 financial statements of each of the respective individual funds and account group taken as a whole.

The 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2018 on our consideration of the Township'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'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 No. 435

Medford, New Jersey  
June 26, 2018

*This page intentionally left blank*



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

Honorable Mayor and Members  
of the Township Committee  
Township of Franklin  
County of Gloucester  
Franklinville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Franklin, as of and for the year ended December 31, 2017, 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 26, 2018. 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the

accompanying schedule of financial statement finding that we consider to be material weaknesses as Finding No. 2017-001.

### **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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of financial statement findings as Finding No. 2017-001.

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

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

Kevin P. Frenia  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 435

Medford, New Jersey  
June 26, 2018

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

| ASSETS   | REFERENCE | 2017                   | 2016                    |
|--|-----------|------------------------|-------------------------|
| <b>Regular Fund:</b>   |           |                        |                         |
| Cash   | A-4       | 4,184,018.59           | 3,993,120.10            |
| Change Fund  | A-5       | 350.00                 | 350.00                  |
| Due from State of New Jersey -<br>Senior and Veterans Deductions | A-6       | 4,232.13               | 11,279.35               |
| Due from Library   | A-26      | 19,354.63              | 6,990.85                |
| <b>Total</b>   |           | <b>4,207,955.35</b>    | <b>4,011,740.30</b>     |
| <b>Receivables &amp; Other Assets With Full Reserves:</b>        |           |                        |                         |
| Delinquent Taxes Receivable                                      | A-7       | 43,869.53              | 217,202.98              |
| Tax Title Liens Receivable                                       | A-8       | 1,174,956.04           | 817,200.73              |
| Foreclosed Property - Assessed Valuation                         | A-9       | 1,811,900.00           | 4,904,076.98            |
| Revenue Accounts Receivable                                      | A-10      | 20,857.60              | 16,624.12               |
| Land Sale Receivable   | A         | 19,470.00              | 19,470.00               |
| Due from Trust - Other Fund                                      | B         | -                      | 13.62                   |
| Due from Animal Control Fund                                     | B         | 97.40                  | 1.80                    |
| <b>Total Receivables &amp; Other Assets With Full Reserves</b>   |           | <b>3,071,150.57</b>    | <b>5,974,590.23</b>     |
| <br>   |           |                        |                         |
| <b>Total Regular Funds</b>                                       |           | <b>7,279,105.92</b>    | <b>9,986,330.53</b>     |
| <b>Federal &amp; State Grants:</b>                               |           |                        |                         |
| Due From Current Fund  | A-27      | 111,641.17             | 228,197.45              |
| Federal and State Grants Receivable                              | A-28      | 509,880.56             | 512,237.65              |
| Deferred Charges:  |           |                        |                         |
| Overexpenditure of Grant Funds                                   | A         | 5,333.97               | 5,333.97                |
| <b>Total State &amp; Federal Grants</b>                          |           | <b>626,855.70</b>      | <b>745,769.07</b>       |
| <br>   |           |                        |                         |
| <b>Total Assets</b>  |           | <b>\$ 7,905,961.62</b> | <b>\$ 10,732,099.60</b> |

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, 2017 AND 2016**

| LIABILITIES RESERVES & FUND BALANCE                   | REFERENCE | 2017                   | 2016                    |
|---|-----------|------------------------|-------------------------|
| <b>Regular Fund:</b>                                  |           |                        |                         |
| <b>Liabilities:</b>                                   |           |                        |                         |
| Appropriation Reserves                                | A-3       | \$ 632,243.02          | \$ 1,006,324.25         |
| Reserve for Encumbrances                              | A-3       | 8,353.11               | 84,205.24               |
| Accounts Payable                                      | A-14      | 11,218.48              | -                       |
| Prepaid Taxes   | A-12      | 833,877.13             | 434,749.19              |
| Tax Overpayments                                      | A-13      | 1,145.84               | 80,382.77               |
| County Taxes Payable                                  | A-15      | 15,555.46              | 20,062.59               |
| Local School District Taxes Payable                   | A-16      | 24,426.98              | 86,456.98               |
| Regional High School District Taxes Payable           | A-17      | 212,483.42             | 217,211.44              |
| Due to State - DCA Fees                               | A-20      | 4,173.00               | 3,991.00                |
| Due to State - Marriage Lincese Fees                  | A-21      | 550.00                 | 250.00                  |
| Due to Borough of Newfield                            | A         | -                      | 3,213.70                |
| Due to Federal & State Grant Fund                     | A         | 111,641.17             | 228,197.45              |
| <b>Reserve for:</b>                                   |           |                        |                         |
| Senior Citizens' Activities                           | A-22      | 1,969.83               | 1,969.83                |
| Performance Bonds                                     | A-23      | 4,740.00               | 4,740.00                |
| Deposits for Sale of Land                             | A-24      | 3,650.00               | 3,650.00                |
| Master Plan   | A-25      | 15,159.42              | 15,159.42               |
| <b>Subtotal Regular Fund</b>                          |           | <b>1,881,186.86</b>    | <b>2,190,563.86</b>     |
| Reserve for Receivables & Other Assets                | A         | 3,071,150.57           | 5,974,590.23            |
| Fund Balance  | A-1       | 2,326,768.49           | 1,821,176.44            |
| <b>Total Regular Fund</b>                             |           | <b>7,279,105.92</b>    | <b>9,986,330.53</b>     |
| <b>State &amp; Federal Grants:</b>                    |           |                        |                         |
| Reserve for Encumbrances                              | A-29      | -                      | 1,880.71                |
| <b>Reserve for Federal &amp; State Grants:</b>        |           |                        |                         |
| Appropriated  | A-29      | 598,603.41             | 691,520.17              |
| Unappropriated  | A-30      | 28,252.29              | 20,634.48               |
| Due to General Capital Fund                           | C         | -                      | 31,733.71               |
| <b>Total State &amp; Federal Grants</b>               |           | <b>626,855.70</b>      | <b>745,769.07</b>       |
| <b>Total Liabilities, Reserves &amp; Fund Balance</b> |           | <b>\$ 7,905,961.62</b> | <b>\$ 10,732,099.60</b> |

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, 2017 AND 2016**

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
| Revenue & Other Income Realized:                          |                      |                      |
| Surplus Utilized  | \$ 913,000.00        | \$ 950,000.00        |
| Miscellaneous Revenue Anticipated                         | 2,895,671.04         | 3,121,487.45         |
| Receipts From Delinquent Taxes & Tax Title Liens          | 625,036.08           | 242,919.24           |
| Receipts From Current Taxes                               | 41,424,739.52        | 41,171,188.56        |
| Nonbudget Revenue   | 150,362.07           | 173,414.89           |
| Other Credits to Income:                                  |                      |                      |
| Unexpended Balance of Appropriation Reserves              | 733,816.30           | 614,514.57           |
| Regulatory Excess - Animal Control                        | 16,921.97            | 19,675.68            |
| Interfund Cleared   | -                    | 255,007.70           |
| Tax Overpayments Cancelled                                | -                    | 2,061.19             |
| Prior Year Library Reimbursement                          | -                    | 108,899.66           |
|   | <b>46,759,546.98</b> | <b>46,659,168.94</b> |
| Total   |                      |                      |
| Expenditures:   |                      |                      |
| Budget Appropriations Within "CAPS":                      |                      |                      |
| Salaries & Wages  | 4,324,300.00         | 3,945,800.00         |
| Other Expenses  | 4,181,200.00         | 4,455,927.82         |
| Deferred Charges & Statutory Expenditures                 | 1,174,757.18         | 1,148,069.90         |
| Excluded From "CAPS":                                     |                      |                      |
| Salaries & Wages  | 176,250.00           | 70,000.00            |
| Other Expenses  | 852,009.58           | 852,090.17           |
| Capital Improvements                                      | 120,000.00           | 219,000.00           |
| Municipal Debt Service                                    | 793,909.65           | 880,554.03           |
| Deferred Charges  | -                    | 203,000.00           |
| County Tax  | 8,729,389.32         | 8,690,656.79         |
| County Share of Added and Omitted Taxes                   | 15,555.46            | 20,062.59            |
| Local District School Tax                                 | 10,760,804.00        | 10,624,665.00        |
| Regional High School Tax                                  | 12,105,929.00        | 11,964,667.00        |
| Special District Tax                                      | 1,904,206.00         | 1,886,465.00         |
| Municipal Open Space Tax                                  | 123,928.34           | 124,472.86           |
| Prior Year Senior Citizen & Veteran Deductions Disallowed | -                    | 4,406.16             |
| Interfunds Advanced in the Current Year                   | 78,716.40            | -                    |
| Refund of Prior Year Revenue - Borough of Newfield        | -                    | 10,412.96            |
|   | <b>45,340,954.93</b> | <b>45,100,250.28</b> |
| Total Expenditures  |                      |                      |

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, 2017 AND 2016**

|  | <u>2017</u>                   | <u>2016</u>                   |
|--|-------------------------------|-------------------------------|
| Excess/(Deficit) in Revenue                      | 1,418,592.05                  | 1,558,918.66                  |
| Adjustment:                                      |                               |                               |
| Deferred Charges to Succeeding Year's Budget     | <u>-</u>                      | <u>-</u>                      |
| Statutory Excess to Fund Balance                 | 1,418,592.05                  | 1,558,918.66                  |
| Fund Balance January 1                           | <u>1,821,176.44</u>           | <u>1,212,257.78</u>           |
| Total  | 3,239,768.49                  | 2,771,176.44                  |
| Decreased by: Utilization as Anticipated Revenue | <u>913,000.00</u>             | <u>950,000.00</u>             |
| Fund Balance December 31                         | <u><u>\$ 2,326,768.49</u></u> | <u><u>\$ 1,821,176.44</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, 2017**

|   | BUDGET                  | APPROPRIATED<br>BY<br>N.J.S.A.40A:47-87 | REALIZED                | EXCESS OR<br>(DEFICIT) |
|---|-------------------------|---|-------------------------|------------------------|
| Surplus Anticipated   | \$ 913,000.00           | \$ -                                    | \$ 913,000.00           | \$ -                   |
| Miscellaneous Revenues:                                       |                         |   |                         |                        |
| Licenses:   |                         |   |                         |                        |
| Alcoholic Beverages   | 10,000.00               | -                                       | 26,631.97               | 16,631.97              |
| Other   | 3,000.00                | -                                       | 7,254.00                | 4,254.00               |
| Fees & Permits  | 48,000.00               | -                                       | 31,459.46               | (16,540.54)            |
| Fines & Costs - Municipal Court                               | 220,000.00              | -                                       | 249,112.90              | 29,112.90              |
| Interest & Costs on Taxes                                     | 170,000.00              | -                                       | 143,826.79              | (26,173.21)            |
| Interest on Investments & Deposits                            | 22,000.00               | -                                       | 27,779.87               | 5,779.87               |
| Franchise Fees - Cable Televisior                             | 70,000.00               | -                                       | 85,780.78               | 15,780.78              |
| 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                                | 150,000.00              | -                                       | 214,867.00              | 64,867.00              |
| Township of Buena - Joint Municipal Court                     | 80,000.00               | -                                       | 80,000.00               | -                      |
| Emergency Medical Service Billing                             | 60,000.00               | -                                       | 67,945.70               | 7,945.70               |
| Interlocal Agreement - Newfield Borough - Police Service:     | -                       | 106,250.00                              | 70,667.00               | (35,583.00)            |
| Public and Private Revenues Offset With Appropriations:       |                         |   |                         |                        |
| Recycling Tonnage Grant                                       | -                       | 21,514.20                               | 21,514.20               | -                      |
| Clean Communities   | -                       | 47,198.90                               | 47,198.90               | -                      |
| Alcohol Education and Rehabilitation Fund                     | 302.16                  | -                                       | 302.16                  | -                      |
| Municipal Alliance on Alcoholism and Drug Abuse               | 5,086.50                | 35,582.00                               | 40,668.50               | -                      |
| Click It or Ticket  | 2,000.00                | -                                       | 2,000.00                | -                      |
| NJ Body Armor Fund  | 2,344.57                | -                                       | 2,344.57                | -                      |
| JIF Safety Incentive  | 901.25                  | 8,325.00                                | 9,226.25                | -                      |
| New Jersey DOT Trust Fund Authority Act                       | -                       | 222,000.00                              | 222,000.00              | -                      |
| Environmental Grant   | 10,000.00               | -                                       | 10,000.00               | -                      |
| Other Special Items of Revenue                                |                         |   |                         |                        |
| Uniform Fire Safety Act                                       | 25,000.00               | -                                       | 28,015.55               | 3,015.55               |
| Reserve for Debt Service - General Capital Func               | 42,073.00               | -                                       | 42,073.00               | -                      |
| Capital Fund Balance  | 5,856.75                | -                                       | 5,856.75                | -                      |
| Reserve for Recreational Facilities Open Space                | 7,441.69                | -                                       | 7,441.69                | -                      |
| <b>Total Miscellaneous Revenues</b>                           | <b>2,385,709.92</b>     | <b>440,870.10</b>                       | <b>2,895,671.04</b>     | <b>69,091.02</b>       |
| Receipts From Delinquent Taxes                                | 125,000.00              | -                                       | 625,036.08              | 500,036.08             |
| <b>Subtotal General Revenues</b>                              | <b>3,423,709.92</b>     | <b>440,870.10</b>                       | <b>4,433,707.12</b>     | <b>569,127.10</b>      |
| Amount to be Raised by Taxes for Support of Municipal Budget: |                         |   |                         |                        |
| Local Tax for Municipal Purposes                              | 8,187,434.41            | -                                       | 8,204,788.82            | 17,354.41              |
| <b>Budget Totals</b>  | <b>11,611,144.33</b>    | <b>440,870.10</b>                       | <b>12,638,495.94</b>    | <b>586,481.51</b>      |
| Nonbudget Revenues  | -                       | -                                       | 150,362.07              | 150,362.07             |
| <b>Total</b>  | <b>\$ 11,611,144.33</b> | <b>\$ 440,870.10</b>                    | <b>\$ 12,788,858.01</b> | <b>\$ 736,843.58</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, 2017**

**ANALYSIS OF REALIZED REVENUES**

|  |                        |
|--|------------------------|
| Allocation of Current Tax Collections:                           |                        |
| Revenue From Collections   | \$ 41,424,739.52       |
| Allocated to:  |                        |
| School, County, Municipal Open Space, and Special District Taxes | <u>33,639,812.12</u>   |
| Balance for Support of Municipal Budget Appropriations           | 7,784,927.40           |
| Add: Budget Appropriation - Reserve for Uncollected Taxes        | <u>419,861.42</u>      |
| Total Amount for Support of Municipal Budget Appropriation       | <u>\$ 8,204,788.82</u> |
| Receipts From Delinquent Taxes:                                  |                        |
| Delinquent Tax Collections                                       | \$ 200,132.65          |
| Tax Title Lien Collections                                       | 35,603.43              |
| Foreclosed Properties Collections                                | <u>389,300.00</u>      |
|  | <u>\$ 625,036.08</u>   |

**ANALYSIS OF NONBUDGET REVENUE**

|  |                      |
|--|----------------------|
| Miscellaneous Revenue Not Anticipated: |                      |
| Recycling Sales                        | \$ 4,350.92          |
| Community Center Rental                | 2,825.15             |
| Tax Collector                          | 564.00               |
| Clear Channel                          | 455.00               |
| NJMVC Fines                            | 18,012.26            |
| Void Check from prior year             | 56,652.36            |
| Statutory Excess in Dog Fund           | 16,837.97            |
| Election Polling Place Rental          | 875.00               |
| Other miscellaneous                    | 32,851.94            |
| Charges for Foreclosed Properties      | -                    |
| NSF Fees                               | 140.00               |
| Prior Year JIF Insurance refunds       | 10,392.37            |
| Payments in Lieu of Taxes              | 2,850.46             |
| SC & Vet Administration Fees           | <u>3,554.64</u>      |
|  | <u>\$ 150,362.07</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, 2017**

|   | APPROPRIATIONS |                           |               | PAID OR CHARGED |           | RESERVED | CANCELED |
|---|----------------|---------------------------|---------------|-----------------|-----------|----------|----------|
|   | BUDGET         | BUDGET AFTER MODIFICATION | EXPENDED      | ENCUMBERED      |           |          |          |
| <b>General Government:</b>                |                |                           |               |                 |           |          |          |
| General Administration:                   |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | \$ 107,000.00  | \$ 124,500.00             | \$ 124,261.09 | \$ -            | \$ 238.91 | \$ -     | \$ -     |
| Other Expenses                            | 57,000.00      | 51,000.00                 | 47,726.17     | 65.00           | 3,208.83  | -        | -        |
| Human Resources (Personnel):              |                |                           |               |                 |           |          |          |
| Other Expenses                            | 16,000.00      | -                         | -             | -               | -         | -        | -        |
| Mayor and Township Committee:             |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 22,000.00      | 23,100.00                 | 22,499.83     | -               | 600.17    | -        | -        |
| Other Expenses                            | 2,300.00       | 2,300.00                  | 834.00        | -               | 1,466.00  | -        | -        |
| Municipal Clerk:                          |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 115,000.00     | 110,000.00                | 107,701.33    | -               | 2,298.67  | -        | -        |
| Other Expenses                            | 24,000.00      | 30,000.00                 | 23,577.72     | -               | 6,422.28  | -        | -        |
| Financial Administration:                 |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 60,000.00      | 46,000.00                 | 45,364.42     | -               | 635.58    | -        | -        |
| Other Expenses                            | 50,000.00      | 55,000.00                 | 52,747.36     | -               | 2,252.64  | -        | -        |
| Audit Services:                           |                |                           |               |                 |           |          |          |
| Other Expenses                            | 45,000.00      | 45,000.00                 | 45,000.00     | -               | -         | -        | -        |
| Centralized Computerized Data Processing: |                |                           |               |                 |           |          |          |
| Other Expenses                            | 7,500.00       | 10,500.00                 | 7,132.91      | 239.55          | 3,127.54  | -        | -        |
| Revenue Administration - Tax Collection:  |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 90,000.00      | 89,000.00                 | 88,521.84     | -               | 478.16    | -        | -        |
| Other Expenses                            | 40,000.00      | 48,000.00                 | 42,594.60     | -               | 5,405.40  | -        | -        |
| Legal Services and Costs:                 |                |                           |               |                 |           |          |          |
| Other Expenses                            | 200,000.00     | 125,000.00                | 113,470.30    | -               | 11,529.70 | -        | -        |
| Engineering Services:                     |                |                           |               |                 |           |          |          |
| Other Expenses                            | 110,000.00     | 120,000.00                | 114,958.76    | -               | 5,041.24  | -        | -        |
| Economic Development:                     |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 1,000.00       | 1,000.00                  | -             | -               | 1,000.00  | -        | -        |
| Other Expenses                            | 20,000.00      | 10,000.00                 | 485.00        | 235.00          | 9,280.00  | -        | -        |
| Historical Sites Office:                  |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 1,000.00       | 1,100.00                  | 700.00        | -               | 400.00    | -        | -        |
| Other Expenses                            | 1,000.00       | 1,000.00                  | 186.84        | -               | 813.16    | -        | -        |
| Department of Law:                        |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 37,000.00      | 37,000.00                 | 37,000.00     | -               | -         | -        | -        |
| Other Expenses                            | 17,000.00      | 17,000.00                 | 17,000.00     | -               | -         | -        | -        |
| <b>Land Use Administration:</b>           |                |                           |               |                 |           |          |          |
| Planning Board:                           |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 51,000.00      | 56,000.00                 | 54,403.56     | -               | 1,596.44  | -        | -        |
| Other Expenses                            | 18,000.00      | 18,000.00                 | 13,376.56     | 25.00           | 4,598.44  | -        | -        |
| Zoning Board of Adjustment:               |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 14,500.00      | 17,000.00                 | 15,954.78     | -               | 1,045.22  | -        | -        |
| Other Expenses                            | 12,000.00      | 12,000.00                 | 9,281.50      | -               | 2,718.50  | -        | -        |
| Other Code Enforcement Functions          |                |                           |               |                 |           |          |          |
| Other Expenses                            | 20,000.00      | 5,000.00                  | -             | -               | 5,000.00  | -        | -        |
| <b>State Uniform Construction Code:</b>   |                |                           |               |                 |           |          |          |
| Construction Official:                    |                |                           |               |                 |           |          |          |
| Salaries and Wages                        | 165,000.00     | 165,000.00                | 154,554.19    | -               | 10,445.81 | -        | -        |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | APPROPRIATIONS |                           | PAID OR CHARGED |            | RESERVED  | CANCELED |
|--|----------------|---------------------------|-----------------|------------|-----------|----------|
|  | BUDGET         | BUDGET AFTER MODIFICATION | EXPENDED        | ENCUMBERED |           |          |
| Other Expenses                               | 10,000.00      | 15,000.00                 | 10,296.37       | 1,168.00   | 3,555.63  | -        |
| <b>Public Safety Functions:</b>              |                |                           |                 |            |           |          |
| Police Department:                           |                |                           |                 |            |           |          |
| Salaries and Wages                           | 2,286,000.00   | 2,336,000.00              | 2,257,550.34    | -          | 78,449.66 | -        |
| Other Expenses                               | 175,000.00     | 120,000.00                | 92,775.24       | 841.46     | 26,383.30 | -        |
| Office of Emergency Management:              |                |                           |                 |            |           |          |
| Salaries and Wages                           | 2,000.00       | 2,000.00                  | 2,000.00        | -          | -         | -        |
| Other Expenses                               | 1,000.00       | 1,000.00                  | 143.00          | -          | 857.00    | -        |
| Aid to Volunteer Ambulance Corporation:      |                |                           |                 |            |           |          |
| Other Expenses                               | 10,000.00      | 1,000.00                  | 330.40          | -          | 669.60    | -        |
| Uniform Fire Safety and Inspection Act:      |                |                           |                 |            |           |          |
| Salaries and Wages                           | 27,200.00      | 27,200.00                 | 26,253.21       | -          | 946.79    | -        |
| Other Expenses                               | 14,000.00      | 14,000.00                 | 8,990.99        | -          | 5,009.01  | -        |
| Prosecutor's Office:                         |                |                           |                 |            |           |          |
| Salaries and Wages                           | 29,500.00      | 32,000.00                 | 30,182.76       | -          | 1,817.24  | -        |
| <b>Public Works Functions:</b>               |                |                           |                 |            |           |          |
| Road Repairs & Maintenance:                  |                |                           |                 |            |           |          |
| Salaries and Wages                           | 940,000.00     | 940,000.00                | 938,938.31      | -          | 1,061.69  | -        |
| Other Expenses                               | 180,000.00     | 224,000.00                | 200,465.22      | 5,185.35   | 18,349.43 | -        |
| Snow Removal:                                |                |                           |                 |            |           |          |
| Salaries and Wages                           | 20,000.00      | 20,000.00                 | -               | -          | 20,000.00 | -        |
| Other Expenses                               | 20,000.00      | 20,000.00                 | -               | -          | 20,000.00 | -        |
| Solid Waste Collection:                      |                |                           |                 |            |           |          |
| Salaries and Wages                           | 125,000.00     | 65,000.00                 | 57,124.62       | -          | 7,875.38  | -        |
| Other Expenses                               | 10,000.00      | 13,000.00                 | 10,971.33       | -          | 2,028.67  | -        |
| Public Buildings & Grounds:                  |                |                           |                 |            |           |          |
| Other Expenses                               | 70,000.00      | 88,000.00                 | 81,126.24       | -          | 6,873.76  | -        |
| Community Center:                            |                |                           |                 |            |           |          |
| Salaries and Wages                           | 12,500.00      | 49,500.00                 | 46,124.83       | -          | 3,375.17  | -        |
| Other Expenses                               | 7,000.00       | 7,000.00                  | 3,237.37        | -          | 3,762.63  | -        |
| Vehicle Maintenance:                         |                |                           |                 |            |           |          |
| Other Expenses                               | 220,000.00     | 292,000.00                | 271,516.05      | 428.00     | 20,055.95 | -        |
| <b>Health &amp; Human Services:</b>          |                |                           |                 |            |           |          |
| Public Health Services:                      |                |                           |                 |            |           |          |
| Salaries and Wages                           | 27,000.00      | 27,000.00                 | 25,997.24       | -          | 1,002.76  | -        |
| Other Expenses                               | 14,000.00      | 14,000.00                 | 7,673.99        | 40.85      | 6,285.16  | -        |
| Environmental Commission (N.J.S.A. 40:56A-1) |                |                           |                 |            |           |          |
| Other Expenses                               | 3,000.00       | 3,000.00                  | 1,279.17        | -          | 1,720.83  | -        |
| <b>Park and Recreation Functions:</b>        |                |                           |                 |            |           |          |
| Recreation Services and Programs:            |                |                           |                 |            |           |          |
| Salaries and Wages                           | 1,000.00       | 1,500.00                  | 1,246.63        | -          | 253.37    | -        |
| Other Expenses                               | 9,000.00       | 9,000.00                  | 8,750.83        | -          | 249.17    | -        |
| Maintenance of Parks:                        |                |                           |                 |            |           |          |
| Other Expenses                               | 30,000.00      | 32,500.00                 | 29,862.35       | -          | 2,637.65  | -        |
| Agricultural Board:                          |                |                           |                 |            |           |          |
| Other Expenses                               | 100.00         | 100.00                    | 8.70            | -          | 91.30     | -        |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | APPROPRIATIONS      |                           | PAID OR CHARGED     |                 | RESERVED          | CANCELED |
|--|---------------------|---------------------------|---------------------|-----------------|-------------------|----------|
|  | BUDGET              | BUDGET AFTER MODIFICATION | EXPENDED            | ENCUMBERED      |                   |          |
| <b>Insurance:</b>  |                     |                           |                     |                 |                   |          |
| Liability Insurance  | 190,000.00          | 190,000.00                | 172,641.00          | -               | 17,359.00         | -        |
| Worker's Compensation  | 310,000.00          | 275,000.00                | 265,374.00          | -               | 9,626.00          | -        |
| Group Insurance for Employees                                      | 1,200,000.00        | 1,192,300.00              | 1,112,356.20        | -               | 79,943.80         | -        |
| Health Benefit Waiver  | 15,000.00           | 15,000.00                 | 3,700.00            | -               | 11,300.00         | -        |
| <b>Other Common Operating Functions (Unclassified):</b>            |                     |                           |                     |                 |                   |          |
| Celebration of Public Events, Anniv. or Holiday                    |                     | 500.00                    | -                   | -               | 500.00            | -        |
| <b>Utility Expenses &amp; Bulk Purchases:</b>                      |                     |                           |                     |                 |                   |          |
| Electricity  | 125,000.00          | 132,000.00                | 110,201.81          | -               | 21,798.19         | -        |
| Street Lighting  | 145,000.00          | 108,000.00                | 98,277.18           | -               | 9,722.82          | -        |
| Telephone  | 60,000.00           | 60,000.00                 | 52,024.14           | 124.90          | 7,850.96          | -        |
| Gas (Natural/Propane)  | 50,000.00           | 40,000.00                 | 33,637.10           | -               | 6,362.90          | -        |
| Diesel Fuel  | 50,000.00           | 65,000.00                 | 59,165.65           | -               | 5,834.35          | -        |
| Gasoline   | 65,000.00           | 90,000.00                 | 77,986.24           | -               | 12,013.76         | -        |
| <b>Municipal Court Functions:</b>                                  |                     |                           |                     |                 |                   |          |
| Municipal Court:   |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | 152,000.00          | 146,000.00                | 142,768.44          | -               | 3,231.56          | -        |
| Other Expenses   | 20,000.00           | 20,000.00                 | 12,971.63           | -               | 7,028.37          | -        |
| Public Defender (P.L. 1997, C. 256):                               |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | 2,000.00            | 2,000.00                  | 5.92                | -               | 1,994.08          | -        |
| <b>Landfill/Solid Waste Disposal:</b>                              |                     |                           |                     |                 |                   |          |
| Other Expenses   | 610,000.00          | 581,000.00                | 525,137.48          | -               | 55,862.52         | -        |
| <b>Unclassified:</b>   |                     |                           |                     |                 |                   |          |
| Cable Television Commission:                                       |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | 5,400.00            | 6,400.00                  | 5,211.72            | -               | 1,188.28          | -        |
| Other Expenses   | 10,000.00           | 9,000.00                  | 3,720.00            | -               | 5,280.00          | -        |
| <b>Total Operation Within "CAPS"</b>                               | <b>8,563,500.00</b> | <b>8,505,500.00</b>       | <b>7,927,356.46</b> | <b>8,353.11</b> | <b>569,790.43</b> | <b>-</b> |
| <b>Detail:</b>   |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | 4,293,100.00        | 4,324,300.00              | 4,184,365.06        | -               | 139,934.94        | -        |
| Other Expenses (Including Contingent)                              | 4,270,400.00        | 4,181,200.00              | 3,742,991.40        | 8,353.11        | 429,855.49        | -        |
| Deferred Charges/Statutory Expenditures - Municipal Within "CAPS": |                     |                           |                     |                 |                   |          |
| Contribution to:   |                     |                           |                     |                 |                   |          |
| Public Employees Retirement System                                 | 216,009.00          | 206,009.00                | 193,371.00          | -               | 12,638.00         | -        |
| Social Security System (O.A.S.I)                                   | 340,000.00          | 340,000.00                | 338,241.29          | -               | 1,758.71          | -        |
| Police & Fire Retirement System                                    | 498,248.18          | 498,248.18                | 498,248.18          | -               | -                 | -        |
| Unemployment Insurance   | 24,000.00           | 24,000.00                 | 20,810.06           | -               | 3,189.94          | -        |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | APPROPRIATIONS      |                           | PAID OR CHARGED     |                 | RESERVED          | CANCELED |
|--|---------------------|---------------------------|---------------------|-----------------|-------------------|----------|
|  | BUDGET              | BUDGET AFTER MODIFICATION | EXPENDED            | ENCUMBERED      |                   |          |
| Defined Contribution Plan Judgements (N.J.S.A. 40A:4-46)                 | 500.00              | 11,500.00                 | 6,487.67            | -               | 5,012.33          | -        |
|  | 96,000.00           | 95,000.00                 | 95,000.00           | -               | -                 | -        |
| <b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b> | <b>1,174,757.18</b> | <b>1,174,757.18</b>       | <b>1,152,158.20</b> | <b>-</b>        | <b>22,598.98</b>  | <b>-</b> |
| <b>Total General Appropriations for Municipal Purposes Within "CAPS"</b> | <b>9,738,257.18</b> | <b>9,680,257.18</b>       | <b>9,079,514.66</b> | <b>8,353.11</b> | <b>592,389.41</b> | <b>-</b> |
| <b>OPERATIONS - EXCLUDED FROM "CAPS"</b>                                 |                     |                           |                     |                 |                   |          |
| 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                 | 10,000.00           | -               | -                 | -        |
| Police Services - Borough of Newfield:                                   |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | -                   | 106,250.00                | 70,833.33           | -               | 35,416.67         | -        |
| Emergency Medical Services:  |                     |                           |                     |                 |                   |          |
| Other Expenses   | 50,000.00           | 50,000.00                 | 45,563.06           | -               | 4,436.94          | -        |
| <b>Public &amp; Private Programs Offset by Revenues:</b>                 |                     |                           |                     |                 |                   |          |
| NJDOT Grant  | -                   | 222,000.00                | 222,000.00          | -               | -                 | -        |
| Alcohol Education and Rehabilitation Fund                                | 302.16              | 302.16                    | 302.16              | -               | -                 | -        |
| Municipal Alliance on Alcoholism and Drug Abuse:                         |                     |                           |                     |                 |                   |          |
| State Share  | -                   | 35,582.00                 | 35,582.00           | -               | -                 | -        |
| Local Share  | -                   | -                         | -                   | -               | -                 | -        |
| Recycling Tonnage Grant  | -                   | 21,514.20                 | 21,514.20           | -               | -                 | -        |
| JIF Safety Incentive Program   | 901.25              | 9,226.25                  | 9,226.25            | -               | -                 | -        |
| Environmental Grant  | 10,000.00           | 10,000.00                 | 10,000.00           | -               | -                 | -        |
| Click It or Ticket   | 2,000.00            | 2,000.00                  | 2,000.00            | -               | -                 | -        |
| Unappropriated Reserve - Municipal Alliance                              | 5,086.50            | 5,086.50                  | 5,086.50            | -               | -                 | -        |
| NJ Body Armor Fund   | 2,344.57            | 2,344.57                  | 2,344.57            | -               | -                 | -        |
| Clean Communities Program  | -                   | 47,198.90                 | 47,198.90           | -               | -                 | -        |
| <b>Total Operations Excluded From "CAPS"</b>                             | <b>587,389.48</b>   | <b>1,028,259.58</b>       | <b>988,405.97</b>   | <b>-</b>        | <b>39,853.61</b>  | <b>-</b> |
| <b>Detail:</b>   |                     |                           |                     |                 |                   |          |
| Salaries and Wages   | 70,000.00           | 176,250.00                | 140,833.33          | -               | 35,416.67         | -        |
| Other Expenses   | 517,389.48          | 852,009.58                | 847,572.64          | -               | 4,436.94          | -        |
| <b>Capital Improvements - Excluded from "CAPS":</b>                      |                     |                           |                     |                 |                   |          |
| Capital Improvement Fund   | 120,000.00          | 120,000.00                | 120,000.00          | -               | -                 | -        |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | APPROPRIATIONS   |                           | PAID OR CHARGED  |             | RESERVED      | CANCELED    |
|--|------------------|---------------------------|------------------|-------------|---------------|-------------|
|  | BUDGET           | BUDGET AFTER MODIFICATION | EXPENDED         | ENCUMBERED  |               |             |
| Total Capital Improvements Excluded from "CAPS"      | 120,000.00       | 120,000.00                | 120,000.00       | -           | -             | -           |
| Municipal Debt Service - Excluded from "CAPS":       |                  |                           |                  |             |               |             |
| Payment of Bond Principal                            | 595,000.00       | 595,000.00                | 595,000.00       | -           | -             | -           |
| Payment of Bond Anticipation Notes and Capital Notes | 250.00           | 250.00                    | 250.00           | -           | -             | -           |
| Interest on Bonds                                    | 103,350.00       | 103,350.00                | 94,425.00        | -           | -             | 8,925.00    |
| Interest on Notes                                    | 47,036.25        | 105,036.25                | 104,234.65       | -           | -             | 801.60      |
| Total Municipal Debt Service Excluded from "CAPS"    | 745,636.25       | 803,636.25                | 793,909.65       | -           | -             | 9,726.60    |
| Total General Appropriations Excluded from "CAPS"    | 1,453,025.73     | 1,951,895.83              | 1,902,315.62     | -           | 39,853.61     | 9,726.60    |
| Subtotal General Appropriations                      | 11,191,282.91    | 11,632,153.01             | 10,981,830.28    | 8,353.11    | 632,243.02    | 9,726.60    |
| Reserve For Uncollected Taxes                        | 419,861.42       | 419,861.42                | 419,861.42       | -           | -             | -           |
| Total General Appropriations                         | \$ 11,611,144.33 | \$ 12,052,014.43          | \$ 11,401,691.70 | \$ 8,353.11 | \$ 632,243.02 | \$ 9,726.60 |
| Adopted Budget                                       | \$               | \$ 11,611,144.33          |                  |             |               |             |
| Added by N.J.S. 40A:4-87                             |                  | 440,870.10                |                  |             |               |             |
| Total  |                  | \$ 12,052,014.43          |                  |             |               |             |
| Reserve for Uncollected Taxes                        |                  | \$                        | 419,861.42       |             |               |             |
| Cash Disbursements                                   |                  |                           | 10,626,575.70    |             |               |             |
| Reserve for Federal & State Grants                   |                  |                           | 355,254.58       |             |               |             |
|  |                  |                           | \$ 11,401,691.70 |             |               |             |

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

| ASSETS  | REFERENCE | 2017                   | 2016                   |
|---|-----------|------------------------|------------------------|
| Animal Control Fund:                              |           |                        |                        |
| Cash  | B-3       | \$ 53,219.40           | \$ 54,408.60           |
| Change Fund                                       | B         | 100.00                 | 100.00                 |
|   |           | <u>53,319.40</u>       | <u>54,508.60</u>       |
| Trust Funds - Other:                              |           |                        |                        |
| Cash  | B-3       | 1,427,736.78           | 1,348,891.80           |
|   |           | <u>1,427,736.78</u>    | <u>1,348,891.80</u>    |
| Municipal Open Space Trust Fund:                  |           |                        |                        |
| Cash  | B-3       | 654,056.31             | 537,974.62             |
|   |           | <u>654,056.31</u>      | <u>537,974.62</u>      |
| Total Assets                                      |           | <u>\$ 2,135,112.49</u> | <u>\$ 1,941,375.02</u> |
| <b>LIABILITIES &amp; RESERVES</b>                 |           |                        |                        |
| Animal Control Fund:                              |           |                        |                        |
| Due to State of New Jersey - Department of Health | B-4       | \$ 2.40                | -                      |
| Due to Current Fund                               | B-5       | 97.40                  | 1.80                   |
| Reserve for Animal Control Fund Expenditures      | B-6       | 53,219.60              | \$ 54,506.80           |
|   |           | <u>53,319.40</u>       | <u>54,508.60</u>       |
| Trust - Other Funds:                              |           |                        |                        |
| Due to Current Fund                               | B-7       | -                      | 13.62                  |
| Miscellaneous Trust Reserves                      | B-8       | 1,427,736.78           | 1,348,878.18           |
|   |           | <u>1,427,736.78</u>    | <u>1,348,891.80</u>    |
| Municipal Open Space Trust Fund:                  |           |                        |                        |
| Appropriation Reserves                            | B-2       | 116,107.90             | 114,440.00             |
| Reserve for Encumbrances                          | B-2       | -                      | 800.00                 |
| Reserve for Future Use                            | B-9       | 537,948.41             | 422,734.62             |
|   |           | <u>654,056.31</u>      | <u>537,974.62</u>      |
| Total Liabilites and Reserves                     |           | <u>\$ 2,135,112.49</u> | <u>\$ 1,941,375.02</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, 2017**

|                                 | BUDGET               | REALIZED             | EXCESS OR<br>(DEFICIT) |
|---------------------------------|----------------------|----------------------|------------------------|
| Amount to be Raised by Taxation | \$ 123,707.90        | \$ 123,928.34        | \$ 220.44              |
| Miscellaneous                   | -                    | 553.35               | 553.35                 |
|                                 |                      |                      |                        |
| Total Revenues                  | <u>\$ 123,707.90</u> | <u>\$ 124,481.69</u> | <u>\$ 773.79</u>       |

**ANALYSIS OF REALIZED REVENUES**

Amount to be Raised by Taxation:

Due From Current Fund:

|                               |    |                      |
|-------------------------------|----|----------------------|
| Municipal Open Space Tax Levy | \$ | 123,707.90           |
| Added & Omitted Taxes         |    | <u>220.44</u>        |
|                               |    | <u>\$ 123,928.34</u> |

Miscellaneous:

|                   |    |                  |
|-------------------|----|------------------|
| Interest Earnings | \$ | <u>553.35</u>    |
|                   |    | <u>\$ 553.35</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, 2017**

|   | APPROPRIATIONS       |                              | EXPENDED           |             | RESERVED             |
|---|----------------------|------------------------------|--------------------|-------------|----------------------|
|   | BUDGET               | BUDGET AFTER<br>MODIFICATION | PAID OR<br>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                    | -                  | -           | 12,000.00            |
| Acquisition of Farmland                 | 103,707.90           | 103,707.90                   | 7,600.00           | -           | 96,107.90            |
| Total Operating                         | <u>\$ 123,707.90</u> | <u>\$ 123,707.90</u>         | <u>\$ 7,600.00</u> | <u>\$ -</u> | <u>\$ 116,107.90</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, 2017 AND 2016**

| ASSETS                                     | REFERENCE | 2017                        | 2016                        |
|--|-----------|-----------------------------|-----------------------------|
| Cash                                       | C-1       | \$ 667,841.24               | \$ 840,483.92               |
| Deferred Charges to Future Taxation:       |           |                             |                             |
| Funded                                     | C-3       | 8,076,000.00                | 3,445,000.00                |
| Unfunded                                   | C-4       | 1,128,500.00                | 5,349,750.00                |
| Grants Receivable                          | C-6       | 102,439.74                  | 102,439.74                  |
| Due from Federal and State Grant Fund      | C         | -                           | 31,733.71                   |
|  |           | <u>                    </u> | <u>                    </u> |
| Total Assets                               |           | <u>\$ 9,974,780.98</u>      | <u>\$ 9,769,407.37</u>      |
| <br>LIABILITIES, RESERVES & FUND BALANCE   |           |                             |                             |
| General Serial Bonds                       | C-7       | \$ 8,076,000.00             | \$ 3,445,000.00             |
| Bond Anticipation Notes                    | C-8       | 1,005,000.00                | 5,226,250.00                |
| Improvement Authorizations:                |           |                             |                             |
| Funded                                     | C-9       | 425,582.27                  | 67,739.25                   |
| Unfunded                                   | C-9       | 86,955.17                   | 886,332.10                  |
| Encumbrances Payable                       | C-9       | 232,666.29                  | 3,406.27                    |
| Contracts Payable                          | C-10      | 2,827.25                    | 12,000.00                   |
| Capital Improvement Fund                   | C-11      | 145,750.00                  | 80,750.00                   |
| Reserve for Debt Service                   | C-12      | -                           | 42,073.00                   |
| Fund Balance                               | C         | -                           | 5,856.75                    |
|  |           | <u>                    </u> | <u>                    </u> |
| Total Liabilities, Reserves & Fund Balance |           | <u>\$ 9,974,780.98</u>      | <u>\$ 9,769,407.37</u>      |

There were bonds and notes authorized but not issued on December 31, 2017 of \$123,500.00 and on December 31, 2016 of \$123,500.00.

**TOWNSHIP OF FRANKLIN**  
**STATEMENT OF GENERAL FIXED ASSETS ACCOUNT GROUP**  
**- REGULATORY BASIS**  
**DECEMBER 31, 2017 AND 2016**

| ASSETS                                 | REFERENCE | <u>2017</u>                 | <u>2016</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>     |
| <br>Investment in General Fixed Assets | <br>D     | <br><u>\$ 13,316,878.04</u> | <br><u>\$ 13,316,878.04</u> |

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

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, 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, No. 61 and No. 80. 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 further 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** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF FRANKLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current 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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

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 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 Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**TOWNSHIP OF FRANKLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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 statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, 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 acquisition value as of the date of the transaction. 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. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed property** – Foreclosed Property or "Property Acquired for Taxes" 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 Township 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.

**TOWNSHIP OF FRANKLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Fire Districts, the Franklin Township School District and the Delsea Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<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.

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

**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 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 and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**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** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of 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 funds owned by the Township 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.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 2. Deposits and Investments (continued):**

As of December 31, 2017, the Township's bank balance of \$7,265,095.39 was insured or collateralized as follows:

|                                |                        |
|--------------------------------|------------------------|
| Insured under FDIC and GUDPA   | \$ 5,737,297.70        |
| Uninsured and Uncollateralized | <u>1,527,797.69</u>    |
|                                | <u>\$ 7,265,095.39</u> |

**Investments**

The Township had no investments as of December 31, 2017.

**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>2017</u>     | <u>2016</u>     | <u>2015</u>     |
|----------------------------|-----------------|-----------------|-----------------|
| Tax Rate                   | <u>\$ 3.986</u> | <u>\$ 3.967</u> | <u>\$ 3.819</u> |
| Apportionment of Tax Rate: |                 |                 |                 |
| Municipal                  | 0.627           | 0.627           | 0.577           |
| Municipal Library          | 0.034           | 0.034           | 0.035           |
| Municipal Open Space       | 0.010           | 0.010           | 0.010           |
| County General             | 0.664           | 0.663           | 0.644           |
| County Open Space          | 0.042           | 0.043           | 0.044           |
| Local School               | 0.870           | 0.863           | 0.831           |
| Regional School            | 0.979           | 0.971           | 0.940           |
| Fire District              | 0.760           | 0.756           | 0.738           |

**Assessed Valuation**

| <u>Year</u> | <u>Amount</u>       |
|-------------|---------------------|
| 2017        | \$ 1,237,078,979.00 |
| 2016        | 1,232,463,275.00    |
| 2015        | 1,232,702,180.00    |

**TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**Comparison of Tax Levies and Collections**

| <u>Year</u> | <u>Tax Levy</u>  | <u>Cash Collections</u> | <u>Percentage Of Collection</u> |
|-------------|------------------|-------------------------|---------------------------------|
| 2017        | \$ 41,888,108.63 | \$ 41,424,739.52        | 98.89%                          |
| 2016        | 41,555,258.58    | 41,171,188.56           | 99.07%                          |
| 2015        | 39,989,717.14    | 39,720,868.40           | 99.32%                          |

**Delinquent Taxes and Tax Title Liens**

| <u>Year</u> | <u>Tax Title Liens</u> | <u>Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage Of Tax Levy</u> |
|-------------|------------------------|-------------------------|-------------------------|-------------------------------|
| 2017        | \$ 1,174,956.04        | \$ 43,869.53            | \$ 1,218,825.57         | 2.91%                         |
| 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%                         |

**Number of Tax Title Liens**

| <u>Year</u> | <u>Number</u> |
|-------------|---------------|
| 2017        | 147           |
| 2016        | 163           |
| 2015        | 200           |

The last tax sale was held on November 11, 2017.

**Note 4: Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

| <u>Year</u> | <u>Amount</u>   |
|-------------|-----------------|
| 2017        | \$ 1,811,900.00 |
| 2016        | 4,904,076.98    |
| 2015        | 4,904,076.98    |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 5. Fund Balances Appropriated**

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

| <u>Year</u>          | <u>Balance<br/>December 31,</u> | <u>Utilized in<br/>Budget of<br/>Succeeding Year</u> | <u>Percentage<br/>of Fund<br/>Balance Used</u> |
|----------------------|---------------------------------|--|--|
| <b>Current Fund:</b> |                                 |  |  |
| 2017                 | \$ 2,326,768.49                 | \$ 1,437,000.00                                      | 61.76%   |
| 2016                 | 1,821,176.44                    | 913,000.00   | 50.13%   |
| 2015                 | 1,212,257.78                    | 950,000.00   | 78.37%   |

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

| <b>Fund</b>                  | <b>Interfund<br/>Receivable</b> | <b>Interfund<br/>Payable</b> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund                 | \$ 97.40                        | \$ 111,641.17                |
| State and Federal Grant Fund | 111,641.17                      | -                            |
| Animal Control Trust         | -                               | 97.40                        |
|                              | <u>\$ 111,738.57</u>            | <u>\$ 111,738.57</u>         |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 7. Interfund Receivables, Payables and Transfers (continued):**

A summary of interfund transfers is as follows:

| <b>Fund</b>                  | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> |
|------------------------------|-------------------------|--------------------------|
| Current Fund                 | \$3,579,893.51          | \$3,696,531.77           |
| State and Federal Grant Fund | 481,785.76              | 396,963.19               |
| Animal Control Trust         | 16,824.57               | 16,728.97                |
| Trust Other Fund             | 3,197,921.44            | 3,197,935.06             |
| Capital Fund                 | 31,733.71               | -                        |
|                              | <u>\$7,308,158.99</u>   | <u>\$ 7,308,158.99</u>   |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017. No update has been done for additions or deletions for the year.

|                            | Balance<br>December 31,<br><u>2016</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br>December 31,<br><u>2017</u> |
|----------------------------|--|------------------|------------------|--|
| Land                       | \$ 7,073,100.00                        | \$ -             | \$ -             | \$ 7,073,100.00                        |
| Buildings and Improvements | 4,134,405.48                           | -                | -                | 4,134,405.48                           |
| Machinery & Equipment      | 2,109,372.56                           | -                | -                | 2,109,372.56                           |
|                            | <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, 2017**

**Note 9. 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 <http://www.nj.gov/treasury/pensions/financial-reports.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.

**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 2017, the State's pension contribution was less than the actuarial determined amount. The local

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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, 2017, the Township's contractually required contribution to PERS plan was \$187,492.

**Components of Net Pension Liability** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$4,711,298. The net pension liability was measured as of June 30, 2017. 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, 2016, which was rolled forward to June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was 0.02024% which was an increase of 0.00087% from its proportion measured as of June 30, 2016.

**Collective Balances at December 31, 2017 and December 31, 2016**

|  | <u>12/31/2017</u> | <u>12/30/2016</u> |
|--|-------------------|-------------------|
| Actuarial valuation date (including roll forward)            | June 30, 2017     | June 30, 2016     |
| Deferred Outflows of Resources                               | \$ 1,247,119      | \$ 1,513,777      |
| Deferred Inflows of Resources                                | 1,390,270         | 607,930           |
| Net Pension Liability  | 4,711,298         | 5,736,728         |
| Township's portion of the Plan's total net pension Liability | 0.02024%          | 0.01937%          |

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$339,818. 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 \$187,492 to the plan in 2017.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between Expected<br>and Actual Experience   | \$ 110,935                                | \$ -                                     |
| Changes of Assumptions  | 949,164                                   | 945,684                                  |
| Net Difference between Projected<br>and Actual Earnings on Pension<br>Plan Investments                              | 32,081                                    | -  |
| Changes in Proportion and Differences<br>between Township Contributions and<br>Proportionate Share of Contributions | <u>154,939</u>                            | <u>444,586</u>                           |
|   | <u>\$ 1,247,119</u>                       | <u>\$ 1,390,270</u>                      |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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

|  | <b><u>Deferred<br/>Outflow of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflow of<br/>Resources</u></b> |
|--|---|--|
| Differences between Expected<br>and Actual Experience  |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | -   | -  |
| June 30, 2015  | 5.72  | -  |
| June 30, 2016  | 5.57  | -  |
| June 30, 2017  | 5.48  | -  |
| Changes of Assumptions   |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | 6.44  | -  |
| June 30, 2015  | 5.72  | -  |
| June 30, 2016  | 5.57  | -  |
| June 30, 2017  | -   | 5.48   |
| Net Difference between Projected<br>and Actual Earnings on Pension<br>Plan Investments                     |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | -   | 5.00   |
| June 30, 2015  | -   | 5.00   |
| June 30, 2016  | 5.00  | -  |
| June 30, 2017  | 5.00  | -  |
| Changes in Proportion and Differences<br>between Contributions and<br>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   |
| June 30, 2017  | 5.48  | 5.48   |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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:

| <b>Year Ending</b> | <b><u>Dec 31,</u></b> | <b><u>Amount</u></b> |
|--------------------|-----------------------|----------------------|
| 2018               |                       | \$ (26,293)          |
| 2019               |                       | 31,649               |
| 2020               |                       | 31,909               |
| 2021               |                       | (98,978)             |
| 2022               |                       | <u>(81,437)</u>      |
|                    |                       | <u>\$ (143,150)</u>  |

**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   | 2.25%                        |
| Salary Increases:                                 |                              |
| Through 2026                                      | 1.65% - 4.15% Based on Age   |
| Thereafter  | 2.65% - 5.15% Based on Age   |
| Investment Rate of Return                         | 7.00%                        |
| 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

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

| <u>Asset Class</u>                | <u>Target Allocation</u>                              | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|---|---|
| Absolute Return/Risk Mitigation   | 5.00%   | 5.51%   |
| Cash                              | 5.50%   | 1.00%   |
| U.S. Treasuries                   | 3.00%   | 1.87%   |
| Investment grade credit           | 10.00%  | 3.78%   |
| Public High Yield                 | 2.50%   | 6.82%   |
| Global Diversified Credit         | 5.00%   | 7.10%   |
| Credit Oriented Hedge Funds       | 1.00%   | 6.60%   |
| Debt Related Private Equity       | 2.00%   | 10.63%  |
| Debt Related Real Estate          | 1.00%   | 6.61%   |
| Private Real Asset                | 2.50%   | 11.83%  |
| Equity Related Real Estate        | 6.25%   | 9.23%   |
| U.S. Equity                       | 30.00%  | 8.19%   |
| Non-U.S. Developed Markets Equity | 11.50%  | 9.00%   |
| Emerging Markets Equity           | 6.50%   | 11.64%  |
| Buyouts/Venture Capital           | 8.25%   | 13.08%  |
|                                   | <hr style="width: 100%; border: 0.5px solid black;"/> |   |
|                                   | <u>100.00%</u>  |   |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

|  | <b>1%<br/>Decrease<br/><u>(4.00%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(5.00%)</u></b> | <b>1%<br/>Increase<br/><u>(6.00%)</u></b> |
|--|---|---|---|
| Township's Proportionate Share<br>of the Net Pension Liability | <u>\$ 5,844,684</u>                       | <u>\$ 4,711,298</u>                                 | <u>\$ 3,767,046</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 <http://www.nj.gov/treasury/pensions/financial-reports.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.

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                           |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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 2017, 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, 2017, the Township's contractually required contributions to PFRS plan was \$467,820.

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

**Net Pension Liability and Pension Expense** - At December 31, 2017 the Township's proportionate share of the PFRS net pension liability was \$8,160,549. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The Township's proportion measured as of June 30, 2017, was 0.05286%, which was an increase of 0.00225% from its proportion measured as of June 30, 2016.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**Collective Balances at December 31, 2017 and December 31, 2016**

|  | <u>12/31/2017</u> | <u>12/31/2016</u> |
|--|-------------------|-------------------|
| Actuarial valuation date (including roll forward)            | June 30, 2017     | June 30, 2016     |
| Deferred Outflows of Resources                               | \$ 1,816,097      | \$ 2,467,125      |
| Deferred Inflows of Resources                                | 1,764,319         | 549,475           |
| Net Pension Liability  | 8,160,549         | 9,668,089         |
| Township's portion of the Plan's total net pension Liability | 0.05286%          | 0.05061%          |

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2017, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2017 measurement date was \$740,105. 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 \$467,820 to the plan in 2017.

At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between Expected and Actual Experience  | \$ 52,941                                 | \$ 47,896                                |
| Changes of Assumptions  | 1,006,287                                 | 1,336,459                                |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                              | 155,722                                   | -  |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | 601,147                                   | 379,964                                  |
|   | <u>\$ 1,816,097</u>                       | <u>\$ 1,764,319</u>                      |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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

|  | <b><u>Deferred<br/>Outflow of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflow of<br/>Resources</u></b> |
|--|---|--|
| Differences between Expected<br>and Actual Experience  |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | -   | -  |
| June 30, 2015  | -   | 5.53   |
| June 30, 2016  | -   | 5.58   |
| June 30, 2017  | 5.59  | -  |
| Changes of Assumptions   |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | 6.17  | -  |
| June 30, 2015  | 5.53  | -  |
| June 30, 2016  | 5.58  | -  |
| June 30, 2017  | -   | 5.59   |
| Net Difference between Projected<br>and Actual Earnings on Pension<br>Plan Investments                     |   |  |
| Year of Pension Plan Deferral:   |   |  |
| June 30, 2014  | -   | 5.00   |
| June 30, 2015  | -   | 5.00   |
| June 30, 2016  | 5.00  | -  |
| June 30, 2017  | 5.00  | -  |
| Changes in Proportion and Differences<br>between Contributions and<br>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   |
| June 30, 2017  | 5.59  | 5.59   |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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:

| <b>Year Ending</b>    |           | <b>Amount</b>        |
|-----------------------|-----------|----------------------|
| <b><u>Dec 31,</u></b> |           |                      |
| 2018                  | \$        | 198,042              |
| 2019                  |           | 360,865              |
| 2020                  |           | 12,154               |
| 2021                  |           | (390,475)            |
| 2022                  |           | <u>(128,808)</u>     |
|                       | <b>\$</b> | <b><u>51,778</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.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$914,050 as of December 31, 2017. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017 was 0.05286%, which was an increase of 0.00225% from its proportion measured as of June 30, 2016, which is the same proportion as the Township’s. At December 31, 2017, 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   | \$ 8,160,549               |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township | <u>914,050</u>             |
|   | <b><u>\$ 9,074,599</u></b> |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

At December 31, 2017, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date was \$111,809.

**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   | 2.25%                        |
| Salary Increases:                                 |                              |
| Through 2026                                      | 2.10% - 8.98% Based on Age   |
| Thereafter  | 3.10% - 9.98% Based on Age   |
| Investment Rate of Return                         | 7.00%                        |
| 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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

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, 2017 are summarized in the following table:

| <u>Asset Class</u>                | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation   | 5.00%                    | 5.51%   |
| Cash                              | 5.50%                    | 1.00%   |
| U.S. Treasuries                   | 3.00%                    | 1.87%   |
| Investment grade credit           | 10.00%                   | 3.78%   |
| Public High Yield                 | 2.50%                    | 6.82%   |
| Global Diversified Credit         | 5.00%                    | 7.10%   |
| Credit Oriented Hedge Funds       | 1.00%                    | 6.60%   |
| Debt Related Private Equity       | 2.00%                    | 10.63%  |
| Debt Related Real Estate          | 1.00%                    | 6.61%   |
| Private Real Asset                | 2.50%                    | 11.83%  |
| Equity Related Real Estate        | 6.25%                    | 9.23%   |
| U.S. Equity                       | 30.00%                   | 8.19%   |
| Non-U.S. Developed Markets Equity | 11.50%                   | 9.00%   |
| Emerging Markets Equity           | 6.50%                    | 11.64%  |
| Buyouts/Venture Capital           | 8.25%                    | 13.08%  |
|                                   | <u>100.00%</u>           |   |

**Discount Rate** - The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 9. Pension Obligations (continued):**

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

**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 (5.14%) or 1-percentage-point higher (7.14%) than the current rate:

|   | <b>1%<br/>Decrease<br/><u>(5.14%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(6.14%)</u></b> | <b>1%<br/>Increase<br/><u>(7.14%)</u></b> |
|---|---|---|---|
| Township's Proportionate Share<br>of the Net Pension Liability  | \$ 10,752,195                             | \$ 8,160,549  | \$ 6,031,217                              |
| State of New Jersey's Proportionate<br>Share of Net Pension Liability<br>associated with the Township | 1,204,336                                 | 914,050   | 675,547                                   |
|   | \$ 11,956,531                             | \$ 9,074,599  | \$ 6,706,764                              |

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

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal 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>2017</u>            | <u>2016</u>            | <u>2015</u>            |
|---|------------------------|------------------------|------------------------|
| <b>Issued:</b>                                |                        |                        |                        |
| General:                                      |                        |                        |                        |
| Bonds, Notes and Loans                        | \$ 9,081,000.00        | \$ 8,671,250.00        | \$ 8,922,500.00        |
| Total Debt Issued                             | <u>9,081,000.00</u>    | <u>8,671,250.00</u>    | <u>8,922,500.00</u>    |
| <b>Authorized but not issued:</b>             |                        |                        |                        |
| General:                                      |                        |                        |                        |
| Bonds, Notes and Loans                        | 123,500.00             | 123,500.00             | 612,750.00             |
| Total Authorized But Not Issued               | <u>123,500.00</u>      | <u>123,500.00</u>      | <u>612,750.00</u>      |
| <b>Total Gross Debt</b>                       | <u>\$ 9,204,500.00</u> | <u>\$ 8,794,750.00</u> | <u>\$ 9,535,250.00</u> |
| <b>Deductions:</b>                            |                        |                        |                        |
| General:                                      |                        |                        |                        |
| Funds on Hand For Payment of Bonds and Notes: |                        |                        |                        |
| Reserve for Debt Service                      | -                      | 42,073.00              | -                      |
| Total Deductions                              | <u>-</u>               | <u>42,073.00</u>       | <u>-</u>               |
| <b>Total Net Debt</b>                         | <u>\$ 9,204,500.00</u> | <u>\$ 8,752,677.00</u> | <u>\$ 9,535,250.00</u> |

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 Debt    | \$ 1,807,000.00         | \$ 1,807,000.00        | \$ -                   |
| Regional School Debt | 7,553,040.08            | 7,553,040.08           | -                      |
| General Debt         | 9,204,500.00            | -                      | 9,204,500.00           |
|                      | <u>\$ 18,564,540.08</u> | <u>\$ 9,360,040.08</u> | <u>\$ 9,204,500.00</u> |

Net Debt \$9,204,500.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,296,958,601.67, equals 0.710%. 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, 2017 is calculated as follows:

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal Debt (continued):**

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

|   |                      |
|---|----------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 45,393,551.06     |
| Net Debt  | 9,204,500.00         |
| <br>Remaining Borrowing Power                   | <br>\$ 36,189,051.06 |

**General Debt**

**A. Serial Bonds Payable**

On August 22, 2012, the Township issued \$5,445,000 of General Refunding Bonds. The Refunding Bonds were issued at interest rates of 3.00% and mature on May 1, 2021.

On March 28, 2017, the Township issued \$5,226,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 1.00% to 3.00% and mature on January 15, 2029

Principal and interest due on the outstanding bonds is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|-------------|------------------|-----------------|-----------------|
| 2018        | 916,000.00       | 222,555.53      | 1,138,555.53    |
| 2019        | 985,000.00       | 167,650.00      | 1,152,650.00    |
| 2020        | 1,015,000.00     | 140,525.00      | 1,155,525.00    |
| 2021        | 1,060,000.00     | 112,150.00      | 1,172,150.00    |
| 2022        | 550,000.00       | 92,125.00       | 642,125.00      |
| 2023-2027   | 2,550,000.00     | 300,187.50      | 2,850,187.50    |
| 2028-2029   | 1,000,000.00     | 30,000.00       | 1,030,000.00    |
|             | \$ 8,076,000.00  | \$ 1,065,193.03 | \$ 9,141,193.03 |

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 10. Municipal Debt (continued):**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

| <u>Description</u> | <u>Date of<br/>Issue</u> | <u>Date of<br/>Maturity</u> | <u>Rate</u> | <u>Balance<br/>December 31,<br/>2017</u> |
|--------------------|--------------------------|-----------------------------|-------------|--|
| Series 2017 A      | 12/20/2017               | 12/19/2018                  | 1.250%      | <u>\$ 1,005,000.00</u>                   |
|                    |                          |                             |             | <u>\$ 1,005,000.00</u>                   |

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

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

As of December 31, 2017, the Township had \$123,500 in various General Capital bonds and notes authorized but not issued.

**Note 11. Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits 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 12. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township’s liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. The balance for the accrued benefits for compensated absences at December 31, 2017 was \$456,973.73.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 13. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**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

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

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "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.

**TOWNSHIP OF FRANKLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017 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.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2017.

**Note 15. 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.

**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

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 15. Post-Retirement Health Benefits (continued):**

(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>2017</u>            | <u>2016</u>          | <u>2015</u>          |
|---|------------------------|----------------------|----------------------|
| Annually Required Contributions (ARC)           | \$ 514,404.00          | \$ 514,404.00        | \$ 514,404.00        |
| Interest on the Net OPEB Obligation             | -                      | -                    | -                    |
| Adjustment to the ARC                           | -                      | -                    | -                    |
| Annual OPEB Cost                                | 514,404.00             | 514,404.00           | 514,404.00           |
| Pay-as-you-go contributions (Existing Retirees) | (147,960.00)           | (145,000.00)         | (147,960.00)         |
| Increase/(Decrease) in Net OPEB Obligation      | 366,444.00             | 369,404.00           | 366,444.00           |
| Net OPEB Obligations, January 1                 | 735,848.00             | 366,444.00           | -                    |
| Net OPEB Obligations, December 31st             | <u>\$ 1,102,292.00</u> | <u>\$ 735,848.00</u> | <u>\$ 366,444.00</u> |
| Percentage of Annual OPEB cost contributed      | 13.42%                 | 19.71%               | 40.38%               |

**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>      | <u>12/31/2012</u> | <u>12/31/2009</u> |
|---|------------------------|-------------------|-------------------|
| Actuarial Accrued Liability (AAL)           | \$ 5,932,265.00        | \$ -              | \$ -              |
| Actuarial Value of Plan Assets              | -                      | -                 | -                 |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 5,932,265.00</u> | <u>\$ -</u>       | <u>\$ -</u>       |
| Funded Ratio                                | 0.00%                  | 0.00%             | 0.00%             |
| Covered Payroll (Active Plan Members)       | 1,511,798.00           | N/A               | N/A               |
| UAAL as a Percentage of Covered Payroll     | 392.40%                | N/A               | N/A               |

**TOWNSHIP OF FRANKLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 15. Post-Retirement Health Benefits (continued):**

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 purposed 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.
- *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.

**TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 16. Subsequent Events**

The Township has evaluated subsequent events through June 20, 2018, the date the financial statements were available to be issued and has noted the following:

During May of 2018, the Township approved one new bond ordinance. Ordinance 3-2018 was approved to be used for the purchase of four trash trucks for a total of \$1,000,000 and authorized the issuance of debt in the amount of \$950,000 in bonds or notes.

*This page intentionally left blank*

**SUPPLEMENTARY SCHEDULES**

*This page intentionally left blank*

**CURRENT FUND**

*This page intentionally left blank*

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   |               |                      |
|---|---------------|----------------------|
| Balance December 31, 2016   | \$            | 3,993,120.10         |
| Increased by Receipts:  |               |                      |
| Taxes Receivable  | \$            | 40,924,137.55        |
| Prepaid Taxes   |               | 833,877.13           |
| Tax Title Liens   |               | 35,603.43            |
| Tax Overpayments  |               | 60,167.65            |
| Due From State of New Jersey - Senior<br>Citizen & Veteran Deductions |               | 176,231.82           |
| Revenue Accounts Receivable   |               | 2,540,416.46         |
| Miscellaneous Revenue Not Anticipated                                 |               | 150,362.07           |
| Sale of Foreclosed Properties   |               | 389,300.00           |
| Due Federal & State Grants Fund                                       |               | 365,229.48           |
| Due Animal Control Trust Fund   |               | 16,826.37            |
| Due Trust - Other Funds   |               | 3,197,935.06         |
| Due to General Capital Fund   |               | -                    |
| Due from General Capital Fund   |               | 47,929.75            |
| Due from State - DCA Fees   |               | 19,264.00            |
| Due from State - Marriage Licenses                                    |               | 3,125.00             |
| Due Library   |               | 211,970.00           |
| Due from Borough of Newfield  |               | 4,900.76             |
|   |               | <u>48,977,276.53</u> |
| Subtotal  |               | <u>52,970,396.63</u> |
| Decreased by Disbursements:   |               |                      |
| 2017 Budget Appropriations  | 10,626,575.70 |                      |
| 2016 Appropriations Reserves  | 345,494.71    |                      |
| Refund of Tax Overpayments  | 57,496.90     |                      |
| County Taxes Payable  | 8,749,451.91  |                      |
| Local District School Tax   | 10,822,834.00 |                      |
| Regional District School Tax  | 12,110,657.02 |                      |
| Municipal Open Space Tax  | 123,928.34    |                      |
| Special District Tax  | 1,904,206.00  |                      |
| Refund of Prior Year Revenue  | 114,884.72    |                      |
| Due to State - DCA Fees   | 19,082.00     |                      |
| Due to State - Marriage Licenses                                      | 2,825.00      |                      |
| Due Federal & State Grants Fund                                       | 450,052.05    |                      |
| Due Trust - Other Funds   | 3,197,921.44  |                      |
| Due Municipal Open Space Trust Fund                                   | -             |                      |
| Due General Capital Fund  | 31,733.71     |                      |
| Due Library   | 224,333.78    |                      |
| Due from Borough of Newfield  | 4,900.76      |                      |
|   |               | <u>48,786,378.04</u> |
| Balance December 31, 2017   | \$            | <u>4,184,018.59</u>  |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |    |                      |
|---------------------------|----|----------------------|
| Tax Office                | \$ | 150.00               |
| Construction Code Office  |    | 100.00               |
| Municipal Court           |    | <u>100.00</u>        |
| Balance December 31, 2017 | \$ | <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, 2017**

|  |              |              |
|--|--------------|--------------|
| Balance December 31, 2016                            |              | \$ 11,279.35 |
| Increased by:  |              |              |
| Deductions per Tax Billing:                          |              |              |
| Senior Citizens                                      | \$ 56,000.00 |              |
| Veterans   | 130,875.00   |              |
| Deductions Allowed by Collector - 2017 Taxes         | 5,000.00     |              |
|  |              | 191,875.00   |
| Subtotal   |              | 203,154.35   |
| Decreased by:  |              |              |
| Received from State of New Jersey                    | 176,231.82   |              |
| Deductions Disallowed by Tax Collector - 2017 Taxes  | 7,797.25     |              |
| Deductions Disallowed by Tax Collector - Prior Years | 14,893.15    |              |
|  |              | 198,922.22   |
| Balance December 31, 2017                            |              | \$ 4,232.13  |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| YEAR            | BALANCE<br>DECEMBER 31,<br>2016 | 2017<br>LEVY     | ADDED<br>TAXES | COLLECTED<br>2016 | COLLECTED<br>2017 | DUE FROM<br>STATE OF<br>NEW JERSEY | OVERPAYMENTS<br>APPLIED | TRANSFER TO<br>TAX<br>TITLE LIENS | TRANSFER<br>TO/FROM<br>ARREARS | CANCELED     | BALANCE<br>DECEMBER 31,<br>2017 |
|-----------------|---------------------------------|------------------|----------------|-------------------|-------------------|------------------------------------|-------------------------|-----------------------------------|--------------------------------|--------------|---------------------------------|
| Arrears<br>2016 | \$ 201,853.70                   | \$ -             | \$ -           | \$ -              | \$ 177,423.14     | \$ -                               | \$ -                    | \$ -                              | \$ (821.03)                    | \$ -         | \$ 25,251.59                    |
|                 | 15,349.28                       | -                | -              | -                 | 22,709.51         | (12,393.15)                        | (20.03)                 | 508.44                            | 821.03                         | -            | 3,723.48                        |
| Total<br>2017   | 217,202.98                      | 41,814,024.57    | 74,084.06      | 434,749.19        | 200,132.65        | (12,393.15)                        | (20.03)                 | 508.44                            | -                              | -            | 28,975.07                       |
|                 | -                               | -                | -              | -                 | 40,724,004.90     | 184,077.75                         | 81,907.68               | 373,449.65                        | -                              | 75,025.00    | 14,894.46                       |
| Total           | \$ 217,202.98                   | \$ 41,814,024.57 | \$ 74,084.06   | \$ 434,749.19     | \$ 40,924,137.55  | \$ 171,684.60                      | \$ 81,887.65            | \$ 373,958.09                     | \$ -                           | \$ 75,025.00 | \$ 43,869.53                    |

**ANALYSIS OF 2017 PROPERTY TAX LEVY**

|                                       |                         |
|---------------------------------------|-------------------------|
| General Purpose Tax                   | \$ 41,817,077.40        |
| Added & Omitted Taxes (54:4-6 et seq) | 71,031.23               |
| <b>Total</b>                          | <u>\$ 41,888,108.63</u> |
| <b>TAX LEVY:</b>                      |                         |
| Local District School Tax             | \$ 10,760,804.00        |
| Regional High School Tax              | 12,105,929.00           |
| County Taxes                          | 8,744,944.78            |
| Municipal Open Space                  | 123,928.34              |
| Special District Taxes                | 1,904,206.00            |
| Local Tax for Municipal Purposes      | \$ 8,187,434.41         |
| Add: Additional Taxes Levied          | <u>60,862.10</u>        |
|                                       | 8,248,296.51            |
| <b>Total</b>                          | <u>\$ 41,888,108.63</u> |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  |                  |                               |
|--|------------------|-------------------------------|
| Balance December 31, 2016              |                  | \$ 817,200.73                 |
| Increased by:                          |                  |                               |
| Transfers from 2017 Taxes Receivable   | \$ 373,449.65    |                               |
| Interest & Cost on Taxes from Tax Sale | <u>19,909.09</u> |                               |
|  |                  | <u>393,358.74</u>             |
| Subtotal                               |                  | 1,210,559.47                  |
| Decreased by:                          |                  |                               |
| Collections                            |                  | <u>35,603.43</u>              |
| Balance December 31, 2017              |                  | <u><u>\$ 1,174,956.04</u></u> |

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (ASSESSED VALUATION)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                   |                     |                               |
|-----------------------------------|---------------------|-------------------------------|
| Balance December 31, 2016         |                     | \$ 4,904,076.98               |
| Decreased by:                     |                     |                               |
| Sale of Foreclosed Properties     | \$ 389,300.00       |                               |
| Adjustments to Assessed Valuation | <u>2,702,876.98</u> |                               |
|                                   |                     | <u>3,092,176.98</u>           |
| Balance December 31, 2017 & 2016  |                     | <u><u>\$ 1,811,900.00</u></u> |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | BALANCE<br>DECEMBER 31,<br>2016 | ACCRUED IN<br>2017     | COLLECTED              | BALANCE<br>DECEMBER 31,<br>2017 |
|--|---------------------------------|------------------------|------------------------|---------------------------------|
| Revenue Accounts Receivable:                                 |                                 |                        |                        |                                 |
| Licenses:  |                                 |                        |                        |                                 |
| Alcoholic Beverages  | \$ -                            | \$ 26,631.97           | \$ 26,631.97           | \$ -                            |
| Other  | -                               | 7,254.00               | 7,254.00               | -                               |
| Fees & Permits   | -                               | 31,459.46              | 31,459.46              | -                               |
| Fines & Costs - Municipal Court                              | 16,624.12                       | 253,346.38             | 249,112.90             | \$ 20,857.60                    |
| Interest & Costs on Taxes                                    | -                               | 143,826.79             | 143,826.79             | -                               |
| Interest on Investments & Deposits                           | -                               | 27,779.87              | 27,779.87              | -                               |
| Cable Television and Franchise Fees                          | -                               | 85,780.78              | 85,780.78              | -                               |
| 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                               | -                               | 214,867.00             | 214,867.00             | -                               |
| Township of Buena - Joint Municipal Court                    | -                               | 80,000.00              | 80,000.00              | -                               |
| Borough of Newfield - Police Services                        | -                               | 70,667.00              | 70,667.00              | -                               |
| Medical Service Billing                                      | -                               | 67,945.70              | 67,945.70              | -                               |
| Uniform Fire Safety Act                                      | -                               | 28,015.55              | 28,015.55              | -                               |
| Reserve for Debt Service - General Capital Fund              | -                               | 42,073.00              | 42,073.00              | -                               |
| Capital Fund Balance   | -                               | 5,856.75               | 5,856.75               | -                               |
| Municipal Alliance on Alcoholism and Drug Abuse - Prior Year | -                               | 7,441.69               | 7,441.69               | -                               |
|  | <u>\$ 16,624.12</u>             | <u>\$ 2,544,649.94</u> | <u>\$ 2,540,416.46</u> | <u>\$ 20,857.60</u>             |
|  |                                 |                        | Cash Receipts          | \$ 2,540,416.46                 |
|  |                                 |                        | Due Trust - Other      | <u>-</u>                        |
|  |                                 |                        |                        | <u>\$ 2,540,416.46</u>          |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES  
N.J.S. 40A:4-55 SPECIAL EMERGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| PURPOSE                           | BALANCE<br>DECEMBER 31,<br>2016 | RAISED IN<br>2017<br>BUDGET | BALANCE<br>DECEMBER 31,<br>2017 |
|-----------------------------------|---------------------------------|-----------------------------|---------------------------------|
| Overexpenditure of Appropriations | \$ -                            |                             | \$ -                            |
| Emergency Appropriation           | -                               |                             | -                               |
|                                   |                                 |                             |                                 |
| Total                             | \$ -                            | \$ -                        | \$ -                            |
|                                   |                                 |                             |                                 |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                              |           |              |
|------------------------------|-----------|--------------|
| Balance December 31, 2016    |           | \$ 80,382.77 |
| Increased by:                |           |              |
| Overpayments - Created       |           | 60,167.65    |
| Subtotal                     |           | 140,550.42   |
| Decreased by:                |           |              |
| Overpayments Applied         | 81,907.68 |              |
| Cash Disbursements - Refunds | 57,496.90 |              |
|                              |           | 139,404.58   |
| Balance December 31, 2017    |           | \$ 1,145.84  |

**STATEMENT OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                      |  |               |
|--------------------------------------|--|---------------|
| Balance December 31, 2016            |  | \$ 434,749.19 |
| Increased by:                        |  |               |
| Cash Receipts - 2017 Tax Collections |  | 833,877.13    |
| Subtotal                             |  | 1,268,626.32  |
| Decreased by:                        |  |               |
| Application to 2017 Taxes            |  | 434,749.19    |
| Balance December 31, 2017            |  | \$ 833,877.13 |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | 2016<br>ENCUMBRANCES<br><u>PAYABLE</u> | 2016<br>RESERVE<br><u>BALANCE</u> | BALANCE<br>AFTER<br><u>TRANSFERS</u> | PAID<br>OR<br><u>CHARGED</u> | BALANCE<br><u>LAPSED</u> |
|---|--|-----------------------------------|--------------------------------------|------------------------------|--------------------------|
| General Government:                           |  |                                   |                                      |                              |                          |
| General Administration:                       |  |                                   |                                      |                              |                          |
| Other Expenses                                | \$ 506.00                              | \$ 10,742.35                      | \$ 11,248.35                         | \$ 4,125.97                  | \$ 7,122.38              |
| Human Resources (Personnel):                  |  |                                   |                                      |                              |                          |
| Other Expenses                                | -                                      | 19,911.16                         | 19,911.16                            | 1,525.32                     | 18,385.84                |
| Mayor and Council:                            |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 1,000.15                          | 1,000.15                             | -                            | 1,000.15                 |
| Other Expenses                                | -                                      | 564.00                            | 564.00                               | -                            | 564.00                   |
| Municipal Clerk:                              |  |                                   |                                      |                              |                          |
| Other Expenses                                | -                                      | 4,086.91                          | 4,086.91                             | 584.09                       | 3,502.82                 |
| Financial Administration (Treasury):          |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 3,321.52                          | 3,321.52                             | -                            | 3,321.52                 |
| Other Expenses                                | 1,273.21                               | 6,499.59                          | 7,772.80                             | 1,848.88                     | 5,923.92                 |
| Centralized Computerized Data Processing      |  |                                   |                                      |                              |                          |
| Other Expenses                                | 192.00                                 | 3,283.48                          | 3,475.48                             | 288.00                       | 3,187.48                 |
| Revenue Administration - Collection of Taxes: |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 886.30                            | 886.30                               | -                            | 886.30                   |
| Other Expenses                                | -                                      | 10,254.59                         | 18,254.59                            | 12,340.21                    | 5,914.38                 |
| Legal Services and Costs:                     |  |                                   |                                      |                              |                          |
| Other Expenses                                | 404.46                                 | 15,629.06                         | 56,033.52                            | 18,419.21                    | 37,614.31                |
| Engineering Services:                         |  |                                   |                                      |                              |                          |
| Other Expenses                                | 10.50                                  | 2,010.46                          | 64,020.96                            | 30,283.77                    | 33,737.19                |
| Historical Commission:                        |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 300.00                            | 300.00                               | -                            | 300.00                   |
| Other Expenses                                | -                                      | 916.23                            | 916.23                               | -                            | 916.23                   |
| Economic Development:                         |  |                                   |                                      |                              |                          |
| Other Expenses                                | -                                      | 10,000.00                         | 10,000.00                            | -                            | 10,000.00                |
| Construction Official:                        |  |                                   |                                      |                              |                          |
| Other Expenses                                | 128.00                                 | 937.56                            | 1,065.56                             | -                            | 1,065.56                 |
| Municipal Court:                              |  |                                   |                                      |                              |                          |
| Other Expenses                                | 200.00                                 | 5,470.00                          | 5,670.00                             | 829.38                       | 4,840.62                 |
| Public Defender:                              |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 249.52                            | 249.52                               | -                            | 249.52                   |
| Land Use Administration:                      |  |                                   |                                      |                              |                          |
| Planning Board:                               |  |                                   |                                      |                              |                          |
| Other Expenses                                | 348.37                                 | 10,953.65                         | 11,302.02                            | 2,248.37                     | 9,053.65                 |
| Zoning Board of Adjustment:                   |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 2,218.52                          | 2,218.52                             | -                            | 2,218.52                 |
| Other Expenses                                | -                                      | 4,833.00                          | 4,833.00                             | -                            | 4,833.00                 |
| Other Code Enforcement Functions:             |  |                                   |                                      |                              |                          |
| Other Expenses                                | -                                      | 2,250.00                          | 2,250.00                             | -                            | 2,250.00                 |
| Public Safety Functions:                      |  |                                   |                                      |                              |                          |
| Police:                                       |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 96,234.77                         | 6,234.77                             | -                            | 6,234.77                 |
| Other Expenses                                | 60,785.12                              | 15,672.27                         | 116,457.39                           | 66,345.19                    | 50,112.20                |
| Office of Emergency Management:               |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 2,000.00                          | 2,000.00                             | -                            | 2,000.00                 |
| Other Expenses                                | -                                      | 663.04                            | 663.04                               | -                            | 663.04                   |
| Aid to Volunteer Ambulance Companies:         |  |                                   |                                      |                              |                          |
| Other Expenses                                | 208.30                                 | 25,869.86                         | 26,078.16                            | 335.51                       | 25,742.65                |
| Uniform Fire Safety and Inspection Act:       |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 719.78                            | 719.78                               | 102.12                       | 617.66                   |
| Other Expenses                                | 3,556.92                               | 1,349.60                          | 6,906.52                             | 3,556.92                     | 3,349.60                 |
| Roads Repairs & Maintenance:                  |  |                                   |                                      |                              |                          |
| Other Expenses                                | 4,274.55                               | 13,422.90                         | 57,697.45                            | 45,131.91                    | 12,565.54                |
| Solid Waste Collection:                       |  |                                   |                                      |                              |                          |
| Salaries and Wages                            | -                                      | 32,241.30                         | 2,241.30                             | -                            | 2,241.30                 |
| Other Expenses                                | 995.55                                 | 2,424.17                          | 3,419.72                             | 995.55                       | 2,424.17                 |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | 2016<br>ENCUMBRANCES<br>PAYABLE | 2016<br>RESERVE<br>BALANCE | BALANCE<br>AFTER<br>TRANSFERS | PAID<br>OR<br>CHARGED | BALANCE<br>LAPSED    |
|---|---------------------------------|----------------------------|-------------------------------|-----------------------|----------------------|
| Public Buildings & Grounds:   |                                 |                            |                               |                       |                      |
| Other Expenses  | 405.75                          | 27,948.68                  | 28,354.43                     | 5,703.88              | 22,650.55            |
| Recreation Services and Programs:                                     |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 5,031.95                   | 5,031.95                      | -                     | 5,031.95             |
| Community Center:   |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 11,405.88                  | 11,405.88                     | -                     | 11,405.88            |
| Vehicle Maintenance:  |                                 |                            |                               |                       |                      |
| Other Expenses  | 1,396.04                        | 26,495.94                  | 67,891.98                     | 21,898.45             | 45,993.53            |
| Health & Human Services:  |                                 |                            |                               |                       |                      |
| Public Health Services:   |                                 |                            |                               |                       |                      |
| Salaries and Wages  | -                               | 1,159.50                   | 1,159.50                      | -                     | 1,159.50             |
| Other Expenses  | -                               | 1,738.44                   | 3,238.44                      | 2,049.80              | 1,188.64             |
| Environmental Health Committee (N.J.S.A. 40:56A-1)                    |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 77.97                      | 77.97                         | -                     | 77.97                |
| Insurance:  |                                 |                            |                               |                       |                      |
| Liability Insurance   | -                               | 36,345.13                  | 16,345.13                     | -                     | 16,345.13            |
| Worker's Compensation   | 6,805.08                        | 923.29                     | 20,728.37                     | 6,805.08              | 13,923.29            |
| Health Waiver Benefit   | -                               | 51,831.89                  | 23,831.89                     | -                     | 23,831.89            |
| Group Insurance for Employees   | -                               | 15,000.00                  | 15,000.00                     | -                     | 15,000.00            |
| Other Common Operating Functions (Unclassified):                      |                                 |                            |                               |                       |                      |
| Celebration of Public Events, Anniv. or Holiday                       |                                 |                            |                               |                       |                      |
| Other Expenses  | 1,400.00                        | 4,347.58                   | 5,747.58                      | 1,911.80              | 3,835.78             |
| Cable Television Commission:  |                                 |                            |                               |                       |                      |
| Salaries and Wages  | -                               | 788.28                     | 788.28                        | -                     | 788.28               |
| Other Expenses  | -                               | 1,234.04                   | 1,234.04                      | -                     | 1,234.04             |
| Maintenance of Parks:   |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 5,051.80                   | 5,051.80                      | 1,952.00              | 3,099.80             |
| Agricultural Board:   |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 100.00                     | 100.00                        | -                     | 100.00               |
| Utility Expenses & Bulk Purchases:                                    |                                 |                            |                               |                       |                      |
| Electricity   | -                               | 24,343.41                  | 24,343.41                     | 14,594.20             | 9,749.21             |
| Street Lighting   | -                               | 17,453.88                  | 17,453.88                     | 11,238.39             | 6,215.49             |
| Telephone   | -                               | 9,454.89                   | 9,454.89                      | 3,719.19              | 5,735.70             |
| Gas (Natural/Propane)   | -                               | 34,250.90                  | 34,250.90                     | 4,564.45              | 29,686.45            |
| Fuel Oil  | -                               | 56,273.66                  | 36,273.66                     | 11,989.02             | 24,284.64            |
| Gasoline  | -                               | 38,545.70                  | 38,545.70                     | 5,253.79              | 33,291.91            |
| Landfill/Solid Waste Disposal:  |                                 |                            |                               |                       |                      |
| Tipping Fees  | -                               | 149,885.18                 | 130,885.18                    | 45,868.83             | 85,016.35            |
| Deferred Charges/Statutory Expenditures -<br>Municipal Within "CAPS": |                                 |                            |                               |                       |                      |
| Contribution to:  |                                 |                            |                               |                       |                      |
| Social Security System (O.A.S.I)                                      | -                               | 16,142.56                  | 16,142.56                     | 426.99                | 15,715.57            |
| Unemployment Insurance  | -                               | 3,196.92                   | 3,196.92                      | 3.80                  | 3,193.12             |
| Defined Contribution Plan   | -                               | 865.00                     | 865.00                        | -                     | 865.00               |
| OPERATIONS - EXCLUDED FROM "CAPS"                                     |                                 |                            |                               |                       |                      |
| Joint Municipal Court - Buena Township:                               |                                 |                            |                               |                       |                      |
| Other Expenses  | -                               | 5,733.25                   | 5,733.25                      | -                     | 5,733.25             |
| Emergency Medical Services Staffing:                                  |                                 |                            |                               |                       |                      |
| Other Expenses  | 1,315.39                        | 38,485.21                  | 39,800.60                     | 29,773.12             | 10,027.48            |
| All Others  | -                               | 115,297.58                 | 75,797.58                     | -                     | 75,797.58            |
| <b>Total</b>  | <b>\$ 84,205.24</b>             | <b>\$ 1,006,324.25</b>     | <b>\$ 1,090,529.49</b>        | <b>\$ 356,713.19</b>  | <b>\$ 733,816.30</b> |

|                    |                      |
|--------------------|----------------------|
| Cash Disbursements | \$ 345,494.71        |
| Accounts Payable   | 11,218.48            |
|                    | <u>\$ 356,713.19</u> |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   |                  |                            |
|---|------------------|----------------------------|
| Balance December 31, 2016                     |                  | \$ 20,062.59               |
| 2016 Levy:                                    |                  |                            |
| County General                                | \$ 8,209,991.75  |                            |
| County Open Spaces Taxes                      | 519,397.57       |                            |
| County Share of 2016 Added & Omitted Tax Levy | <u>15,555.46</u> |                            |
|   |                  | <u>8,744,944.78</u>        |
| Subtotal                                      |                  | 8,765,007.37               |
| Decreased by:                                 |                  |                            |
| Disbursements                                 |                  | <u>8,749,451.91</u>        |
| Balance December 31, 2017                     |                  | <u><u>\$ 15,555.46</u></u> |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |                            |
|---------------------------|----------------------------|
| Balance December 31, 2016 | \$ 86,456.98               |
| Increased by:             |                            |
| 2017 Levy (Calender Year) | <u>10,760,804.00</u>       |
| Subtotal                  | 10,847,260.98              |
| Decreased by:             |                            |
| Disbursements             | <u>10,822,834.00</u>       |
| Balance December 31, 2017 | <u><u>\$ 24,426.98</u></u> |

**STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |                             |
|---------------------------|-----------------------------|
| Balance December 31, 2016 | \$ 217,211.44               |
| Increased by:             |                             |
| 2017 Levy (Calender Year) | <u>12,105,929.00</u>        |
| Subtotal                  | 12,323,140.44               |
| Decreased by:             |                             |
| Disbursements             | <u>12,110,657.02</u>        |
| Balance December 31, 2017 | <u><u>\$ 212,483.42</u></u> |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  |               |                    |
|--|---------------|--------------------|
| Balance December 31, 2016              |               | \$ -               |
| Increased by:                          |               |                    |
| 2017 Levy (Calender Year):             |               |                    |
| Municipal Open Space Taxes             | \$ 123,707.90 |                    |
| Added & Omitted Taxes                  | <u>220.44</u> |                    |
|  |               | <u>123,928.34</u>  |
| Subtotal                               |               | 123,928.34         |
| Decreased by:                          |               |                    |
| Due to Municipal Open Space Trust Fund |               | <u>123,928.34</u>  |
| Balance December 31, 2017              |               | <u><u>\$ -</u></u> |

**STATEMENT OF SPECIAL DISTRICT TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |  |                     |
|---------------------------|--|---------------------|
| Balance December 31, 2016 |  | \$ -                |
| Increased by:             |  |                     |
| 2017 Levy (Calender Year) |  | <u>1,904,206.00</u> |
| Subtotal                  |  | 1,904,206.00        |
| Decreased by:             |  |                     |
| Disbursements             |  | <u>1,904,206.00</u> |
| Balance December 31, 2017 |  | <u><u>\$ -</u></u>  |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF DUE TO STATE - DCA FEES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |    |           |
|---------------------------|----|-----------|
| Balance December 31, 2016 | \$ | 3,991.00  |
| Increased by:             |    |           |
| Fees Collected            |    | 19,264.00 |
| Subtotal                  |    | 23,255.00 |
| Decreased by:             |    |           |
| Disbursements             |    | 19,082.00 |
| Balance December 31, 2017 | \$ | 4,173.00  |

**STATEMENT OF DUE TO STATE - MARRIAGE LICENSE FEES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |    |          |
|---------------------------|----|----------|
| Balance December 31, 2016 | \$ | 250.00   |
| Increased by:             |    |          |
| Fees Collected            |    | 3,125.00 |
| Subtotal                  |    | 3,375.00 |
| Decreased by:             |    |          |
| Disbursements             |    | 2,825.00 |
| Balance December 31, 2017 | \$ | 550.00   |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF RESERVE FOR SENIOR CITIZENS ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                  |                           |
|----------------------------------|---------------------------|
| Balance December 31, 2017 & 2016 | <u><u>\$ 1,969.83</u></u> |
|----------------------------------|---------------------------|

**STATEMENT OF RESERVE FOR PERFORMANCE BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |                              |
|---------------------------|------------------------------|
| Balance December 31, 2016 | \$ 4,740.00                  |
| Decreased by:             |                              |
| Cash Disbursements        | <u>                    -</u> |
| Balance December 31, 2017 | <u><u>\$ 4,740.00</u></u>    |

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF RESERVE FOR DEPOSITS FOR SALE OF LAND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2017 and 2016

\$ 3,650.00

**STATEMENT OF RESERVE FOR MASTER PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2017 and 2016

\$ 15,159.42

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |               |                            |
|---------------------------|---------------|----------------------------|
| Balance December 31, 2016 |               | \$ 6,990.85                |
| Increased by:             |               |                            |
| Cash Disbursements        | \$ 224,333.78 |                            |
| Prior Year Reimbursements | <u>-</u>      | <u>224,333.78</u>          |
| Subtotal                  |               | 231,324.63                 |
| Decreased by:             |               |                            |
| Cash Receipts             |               | <u>211,970.00</u>          |
| Balance December 31, 2017 |               | <u><u>\$ 19,354.63</u></u> |

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF DUE FROM CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  |                  |                             |
|--|------------------|-----------------------------|
| Balance December 31, 2016                                      |                  | \$ 228,197.45               |
| Increased by:  |                  |                             |
| Grant Receipts Deposited into Current Fund - Grants Receivable | \$ 336,977.19    |                             |
| Grant Receipts Deposited into Current Fund - Unappropriated    | <u>28,252.29</u> |                             |
|  |                  | <u>365,229.48</u>           |
|  |                  | 593,426.93                  |
| Decreased by:  |                  |                             |
| Grant Fund Expenditures Disbursed by Current Fund              | 450,052.05       |                             |
| Due to General Capital Fund - Paid by Current Fund             | <u>31,733.71</u> |                             |
|  |                  | <u>481,785.76</u>           |
| Balance December 31, 2017                                      |                  | <u><u>\$ 111,641.17</u></u> |

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | BALANCE<br>DECEMBER 31,<br>2016 | ANTICIPATED<br>REVENUE | CASH<br>RECEIVED     | TRANSFERRED<br>FROM<br>UNAPPROPRIATED | BALANCE<br>DECEMBER 31,<br>2017 |
|---|---------------------------------|------------------------|----------------------|---------------------------------------|---------------------------------|
| <b>Federal Grants:</b>                          |                                 |                        |                      |                                       |                                 |
| 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>83,607.19</b>                | <b>-</b>               | <b>25,000.00</b>     | <b>-</b>                              | <b>58,607.19</b>                |
| <b>State Grants:</b>                            |                                 |                        |                      |                                       |                                 |
| 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                      | 222,000.00             | 219,000.00           | -                                     | 196,000.00                      |
| Municipal Alliance for Drug and Alcohol Abuse   | -                               | 40,668.50              | 15,989.09            | 5,086.50                              | 19,592.91                       |
| Alcohol Education and Rehabilitation            | -                               | 302.16                 | -                    | 302.16                                | -                               |
| Clean Communities Grant                         | 773.59                          | 47,198.90              | 47,198.90            | -                                     | 773.59                          |
| Recycling Tonnage Grant                         | -                               | 21,514.20              | 21,514.20            | -                                     | -                               |
| Body Armor Fund                                 | -                               | 2,344.57               | -                    | 2,344.57                              | -                               |
| Click It or Ticket                              | -                               | 2,000.00               | -                    | 2,000.00                              | -                               |
| Emergency Management Assistance Program         | 5,000.00                        | -                      | -                    | -                                     | 5,000.00                        |
| Gloucester County Improvement Authority         | 500.00                          | -                      | -                    | -                                     | 500.00                          |
| <b>Total State Grants</b>                       | <b>426,814.24</b>               | <b>336,028.33</b>      | <b>303,702.19</b>    | <b>9,733.23</b>                       | <b>449,407.15</b>               |
| <b>Other Grants</b>                             |                                 |                        |                      |                                       |                                 |
| ANJEC Grant - Environmental Commission          | 1,500.00                        | 10,000.00              | -                    | 10,000.00                             | 1,500.00                        |
| JIF Safety Incentive Program                    | 316.22                          | 9,226.25               | 8,275.00             | 901.25                                | 366.22                          |
| <b>Total Other Grants</b>                       | <b>1,816.22</b>                 | <b>19,226.25</b>       | <b>8,275.00</b>      | <b>10,901.25</b>                      | <b>1,866.22</b>                 |
| <b>Total</b>                                    | <b>\$ 512,237.65</b>            | <b>\$ 355,254.58</b>   | <b>\$ 336,977.19</b> | <b>\$ 20,634.48</b>                   | <b>\$ 509,880.56</b>            |

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   | BALANCE<br>DECEMBER 31,<br>2016 | TRANSFERRED<br>FROM<br>2017 BUDGET | PRIOR YEAR<br>ENCUMBRANCES | EXPENDED             | ENCUMBERED  | BALANCE<br>DECEMBER 31,<br>2017 |
|---|---------------------------------|------------------------------------|----------------------------|----------------------|-------------|---------------------------------|
| <b>Federal Grants:</b>                          |                                 |                                    |                            |                      |             |                                 |
| Bulletproof Vest Fund                           | \$ 7,905.89                     | \$ -                               | \$ 921.00                  | \$ 8,068.12          | \$ -        | \$ 758.77                       |
| Community Development Block Grant:              | 674.48                          | -                                  | -                          | -                    | -           | 674.48                          |
| New Jersey Avenue and Maple Avenue Road Project | 50,000.00                       | -                                  | -                          | -                    | -           | 50,000.00                       |
| Newfield Community Center                       | 3,455.50                        | -                                  | -                          | -                    | -           | 3,455.50                        |
| <b>Total Federal Grants</b>                     | <b>62,035.87</b>                | <b>-</b>                           | <b>921.00</b>              | <b>8,068.12</b>      | <b>-</b>    | <b>54,888.75</b>                |
| <b>State Grants:</b>                            |                                 |                                    |                            |                      |             |                                 |
| New Jersey Department of Transportation Fund:   |                                 |                                    |                            |                      |             |                                 |
| Reconstruction of Grant Avenue                  | 3,462.26                        | -                                  | -                          | -                    | -           | 3,462.26                        |
| Reconstruction of Weymouth Road - Phase III     | 227,458.39                      | -                                  | -                          | -                    | -           | 227,458.39                      |
| Dutch Mill Road                                 | 182,810.79                      | 222,000.00                         | -                          | 305,865.25           | -           | 98,945.54                       |
| Municipal Alliance for Drug and Alcohol Abuse   | -                               | 40,668.50                          | 458.30                     | 30,257.15            | -           | 10,869.65                       |
| Alcohol Education and Rehabilitation            | 1,334.54                        | 302.16                             | -                          | -                    | -           | 1,636.70                        |
| Body Armor Grant                                | 3,090.64                        | 2,344.57                           | -                          | -                    | -           | 5,435.21                        |
| Clean Communities Grant                         | 122,279.32                      | 47,198.90                          | -                          | 73,049.61            | -           | 96,428.61                       |
| Recycling Tonnage Grant                         | 69,488.09                       | 21,514.20                          | -                          | 11,645.05            | -           | 79,357.24                       |
| Drunk Driving Enforcement Fund                  | 13,028.00                       | -                                  | -                          | 11,961.57            | -           | 1,066.43                        |
| Click It or Ticket                              | -                               | 2,000.00                           | -                          | 2,000.00             | -           | -                               |
| Emergency Management Assistance                 | 2,550.64                        | -                                  | -                          | -                    | -           | 2,550.64                        |
| <b>Total State Grants</b>                       | <b>625,502.67</b>               | <b>336,028.33</b>                  | <b>458.30</b>              | <b>434,778.63</b>    | <b>-</b>    | <b>527,210.67</b>               |
| <b>Other Grants:</b>                            |                                 |                                    |                            |                      |             |                                 |
| ANJEC Grant - Environmental Commission          | 800.00                          | 10,000.00                          | -                          | -                    | -           | 10,800.00                       |
| JIF Safety Incentive Program                    | 3,181.63                        | 9,226.25                           | 501.41                     | 7,205.30             | -           | 5,703.99                        |
| <b>Total Other Grants</b>                       | <b>3,981.63</b>                 | <b>19,226.25</b>                   | <b>501.41</b>              | <b>7,205.30</b>      | <b>-</b>    | <b>16,503.99</b>                |
| <b>Total</b>                                    | <b>\$ 691,520.17</b>            | <b>\$ 355,254.58</b>               | <b>\$ 1,880.71</b>         | <b>\$ 450,052.05</b> | <b>\$ -</b> | <b>\$ 598,603.41</b>            |
| <b>Budget Appropriations</b>                    |                                 |                                    |                            |                      |             |                                 |
| Appropriated by NJSA 40A:487                    | \$ -                            | 20,634.48                          | -                          | -                    | -           | 20,634.48                       |
| Cash Disbursed - Current Fund                   | -                               | 334,620.10                         | -                          | \$ 450,052.05        | -           | 334,620.10                      |
| Cash Disbursed - General Capital Fund           | -                               | -                                  | -                          | -                    | -           | -                               |
|   | <b>\$ -</b>                     | <b>\$ 355,254.58</b>               | <b>\$ -</b>                | <b>\$ 450,052.05</b> | <b>\$ -</b> | <b>\$ 355,254.58</b>            |

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| GRANT   | BALANCE<br>DECEMBER 31,<br>2016 | REALIZED AS<br>REVENUE IN<br>2017 BUDGET | CASH<br>RECEIVED | BALANCE<br>DECEMBER 31,<br>2017 |
|---|---------------------------------|--|------------------|---------------------------------|
| Federal Grants:                               |                                 |  |                  |                                 |
| Federal Bulletproof Vest                      | \$ -                            | \$ -                                     | \$ 3,009.00      | \$ 3,009.00                     |
| Total Federal Grants                          | -                               | -  | 3,009.00         | 3,009.00                        |
| State Grants:                                 |                                 |  |                  |                                 |
| Municipal Alliance for Drug and Alcohol Abuse | 5,086.50                        | 5,086.50                                 | 2,036.00         | 2,036.00                        |
| Alcohol Education and Rehabilitation          | 302.16                          | 302.16                                   | 193.02           | 193.02                          |
| Body Armor Fund                               | 2,344.57                        | 2,344.57                                 | 2,508.63         | 2,508.63                        |
| Recycling Tonnage Grant                       | -                               | -  | 20,505.64        | 20,505.64                       |
| Environmental Grant                           | 10,000.00                       | 10,000.00                                | -                | -                               |
| Click It or Ticket                            | 2,000.00                        | 2,000.00                                 | -                | -                               |
| Total State Grants                            | 19,733.23                       | 19,733.23                                | 25,243.29        | 25,243.29                       |
| Other Grants:                                 |                                 |  |                  |                                 |
| JIF Safety Incentive Program                  | 901.25                          | 901.25                                   | -                | -                               |
| Total Other Grants                            | 901.25                          | 901.25                                   | -                | -                               |
| Total   | \$ 20,634.48                    | \$ 20,634.48                             | \$ 28,252.29     | \$ 28,252.29                    |

*This page intentionally left blank*

**TRUST FUND**

*This page intentionally left blank*

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  | ANIMAL CONTROL FUND | TRUST - OTHER          | MUNICIPAL OPEN SPACE |
|--|---------------------|------------------------|----------------------|
| Balance December 31, 2016                                  | \$ 54,408.60        | \$ 1,348,891.80        | \$ 537,974.62        |
| Increased by Receipts:                                     |                     |                        |                      |
| Animal Control License Fees                                | \$ 27,907.40        | -                      | -                    |
| Due to State of New Jersey - Department of Health          | 6,937.80            | -                      | -                    |
| Due Current Fund   | -                   | 3,197,921.44           | -                    |
| Miscellaneous Trust Reserves                               | -                   | 4,558,625.23           | -                    |
| Municipal Open Space - Revenue Realized                    | -                   | -                      | 124,481.69           |
|  | <u>34,845.20</u>    | <u>7,756,546.67</u>    | <u>124,481.69</u>    |
| Subtotal   | 89,253.80           | 9,105,438.47           | 662,456.31           |
| Decreased by Disbursements:                                |                     |                        |                      |
| Reserve for Animal Control Fund Expenditures               | 12,272.63           | -                      | -                    |
| Due to State of New Jersey - Department of Health          | 6,935.40            | -                      | -                    |
| Due Current Fund   | 16,826.37           | 3,197,935.06           | -                    |
| Miscellaneous Trust Reserves                               | -                   | 4,479,766.63           | -                    |
| Municipal Open Space - Prior Year Reserve for Encumbrances | -                   | -                      | 800.00               |
| Municipal Open Space - Budget Appropriations               | -                   | -                      | 7,600.00             |
|  | <u>36,034.40</u>    | <u>7,677,701.69</u>    | <u>8,400.00</u>      |
| Balance December 31, 2017                                  | <u>\$ 53,219.40</u> | <u>\$ 1,427,736.78</u> | <u>\$ 654,056.31</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, 2017**

|                                      |                       |
|--------------------------------------|-----------------------|
| Balance December 31, 2016            | \$ -                  |
| Increased by:                        |                       |
| 2017 State License Fees Collected    | <u>6,937.80</u>       |
| Subtotal                             | 6,937.80              |
| Decreased by:                        |                       |
| Disbursements to State of New Jersey | <u>6,935.40</u>       |
| Balance December 31, 2017            | <u><u>\$ 2.40</u></u> |

**SCHEDULE OF DUE TO CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                      |                        |
|--------------------------------------|------------------------|
| Balance December 31, 2016            | \$ 1.80                |
| Increased by:                        |                        |
| Statutory Excess Due to Current Fund | <u>16,921.97</u>       |
| Subtotal                             | 16,923.77              |
| Decreased by:                        |                        |
| Disbursements                        | <u>16,826.37</u>       |
| Balance December 31, 2017            | <u><u>\$ 97.40</u></u> |

**TOWNSHIP OF FRANKLIN  
TRUST FUND - ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Balance December 31, 2016          |              | \$ 54,506.80 |
| Increased by:                      |              |              |
| Dog License Fees Collected         | \$ 23,155.40 |              |
| Miscellaneous Other Fees           | 4,752.00     |              |
|                                    |              | 27,907.40    |
| Subtotal                           |              | 82,414.20    |
| Decreased by:                      |              |              |
| Expenditures Under R.S.4:19-15.11: |              |              |
| Disbursed                          | 12,272.63    |              |
| Statutory Excess Due Current Fund  | 16,921.97    |              |
|                                    |              | 29,194.60    |
| Balance December 31, 2017          |              | \$ 53,219.60 |

**LICENSE FEES COLLECTED**

|       |              |
|-------|--------------|
| 2016  | \$ 25,719.20 |
| 2015  | 27,502.80    |
| Total | \$ 53,222.00 |

**TOWNSHIP OF FRANKLIN**  
**TRUST FUND - OTHER**  
**SCHEDULE OF DUE (TO)/FROM CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                  | BALANCE<br>DECEMBER 31,<br>2016 | <u>INCREASED BY</u><br><u>DISBURSED TO</u><br>CURRENT FUND | <u>DECREASED BY</u><br>RECEIPTS | BALANCE<br>DECEMBER 31,<br>2017 |
|----------------------------------|---------------------------------|--|---------------------------------|---------------------------------|
| Ambulance Corpotation            | \$ (18.47)                      | \$ 37.27   | \$ 18.80                        | \$ -                            |
| Payroll Deductions Payable       | -                               | 3,197,896.29   | 3,197,896.29                    | -                               |
| Public Defender                  | 5.12                            | -  | 5.12                            | -                               |
| Recreation Commission            | (0.22)                          | 0.22   | -                               | -                               |
| Uniform Fire Dedicated Penalties | (0.05)                          | 1.28   | 1.23                            | -                               |
|                                  | <hr/>                           |  |                                 |                                 |
| Total                            | \$ (13.62)                      | \$ 3,197,935.06  | \$ 3,197,921.44                 | \$ -                            |

**TOWNSHIP OF FRANKLIN  
TRUST FUND - OTHER  
SCHEDULE OF MISCELLANEOUS TRUST RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                  | BALANCE<br>DECEMBER 31,<br><u>2016</u> | INCREASED BY<br><u>RECEIPTS</u> | DECREASED BY<br><u>DISBURSEMENTS</u> | TRANSFERS/<br><u>ADJUSTMENTS</u> | BALANCE<br>DECEMBER 31,<br><u>2017</u> |
|----------------------------------|--|---------------------------------|--------------------------------------|----------------------------------|--|
| Ambulance Corportation           | \$ 46,131.94                           | \$ 782.14                       | \$ 1,625.38                          | \$ -                             | \$ 45,288.70                           |
| 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       | 943.92                                 | 2,702,120.40                    | 2,703,064.32                         | -                                | -                                      |
| Performance Bond                 | 118,184.53                             | 592.24                          | -                                    | -                                | 118,776.77                             |
| P.O.A.A.                         | 151.73                                 | 2.00                            | -                                    | -                                | 153.73                                 |
| Police Canine Unit               | 4,960.40                               | -                               | -                                    | -                                | 4,960.40                               |
| Police Forfeited Funds           | 24,647.60                              | 2,235.64                        | -                                    | -                                | 26,883.24                              |
| Public Defender                  | 14,284.00                              | 12,939.00                       | 10,600.00                            | -                                | 16,623.00                              |
| Recreation Commission            | 29,917.40                              | 41,900.00                       | 41,601.96                            | -                                | 30,215.44                              |
| Recreation Facilities            | 7,441.69                               | -                               | 7,441.69                             | -                                | -                                      |
| Senior Citizens                  | 36,000.00                              | -                               | -                                    | -                                | 36,000.00                              |
| Site Plan Review Escrow          | 222,465.05                             | 160,492.05                      | 119,713.36                           | -                                | 263,243.74                             |
| Tax Title Liens Redemptions      | (3,577.00)                             | 1,279,137.47                    | 1,268,803.66                         | -                                | 6,756.81                               |
| Tax Title Liens Premiums         | 828,491.97                             | 348,401.29                      | 311,993.26                           | -                                | 864,900.00                             |
| Train Station Donations          | 2,491.53                               | -                               | -                                    | -                                | 2,491.53                               |
| Crime Stoppers                   | 2,300.00                               | -                               | 1,213.00                             | -                                | 1,087.00                               |
| Police Unity                     | 5,590.00                               | 8,128.00                        | 13,710.00                            | -                                | 8.00                                   |
| Police Youth Week                | 134.31                                 | 250.00                          | -                                    | -                                | 384.31                                 |
| Uniform Fire Dedicated Penalties | 547.00                                 | 1,645.00                        | -                                    | -                                | 2,192.00                               |
| <b>Total</b>                     | <b>\$ 1,348,878.18</b>                 | <b>\$ 4,558,625.23</b>          | <b>\$ 4,479,766.63</b>               | <b>\$ -</b>                      | <b>\$ 1,427,736.78</b>                 |

**TOWNSHIP OF FRANKLIN  
TRUST - MUNICIPAL OPEN SPACE FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  |                   |                             |
|--|-------------------|-----------------------------|
| Balance December 31, 2016                    |                   | \$ 422,734.62               |
| Increased by:                                |                   |                             |
| 2017 Revenue Realized                        | \$ 124,481.69     |                             |
| Unexpended Balance of Appropriation Reserves | <u>114,440.00</u> |                             |
|  |                   | <u>238,921.69</u>           |
| Subtotal                                     |                   | 661,656.31                  |
| Decreased by:                                |                   |                             |
| 2017 Budget Appropriations                   |                   | <u>123,707.90</u>           |
| Balance December 31, 2017                    |                   | <u><u>\$ 537,948.41</u></u> |

**GENERAL CAPITAL FUND**

*This page intentionally left blank*

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|   |                     |                             |
|---|---------------------|-----------------------------|
| Balance December 31, 2016                     |                     | \$ 840,483.92               |
| Increased by:                                 |                     |                             |
| Transfer from Grant Fund                      | \$ 31,733.71        |                             |
| Capital Improvement Fund                      | 120,000.00          |                             |
| Bond Proceeds                                 | 5,226,000.00        |                             |
| Bond Anticipation Note Proceeds               | 1,005,000.00        |                             |
|   | <u>6,382,733.71</u> | <u>6,382,733.71</u>         |
| Subtotal                                      |                     | 7,223,217.63                |
| Decreased by:                                 |                     |                             |
| Transfers to Current Fund Anticipated Revenue | \$ 47,929.75        |                             |
| Contracts Payable Disbursement                | 9,172.75            |                             |
| Bond Anticipation Notes Paid                  | 5,226,000.00        |                             |
| Improvement Authorizations                    | 1,272,273.89        |                             |
|   | <u>6,555,376.39</u> | <u>6,555,376.39</u>         |
| Balance December 31, 2017                     |                     | <u><u>\$ 667,841.24</u></u> |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH AT DECEMBER 31, 2017**

| ORDINANCE NUMBER               | BALANCE (DEFICIT) DECEMBER 31, 2016 | RECEIPTS                |               |                            | DISBURSEMENTS |                            |               | TRANSFERS     |            | BALANCE (DEFICIT) DECEMBER 31, 2017 |
|--------------------------------|-------------------------------------|-------------------------|---------------|----------------------------|---------------|----------------------------|---------------|---------------|------------|-------------------------------------|
|                                |                                     | BOND ANTICIPATION NOTES | MISCELLANEOUS | IMPROVEMENT AUTHORIZATIONS | MISCELLANEOUS | IMPROVEMENT AUTHORIZATIONS | FROM          | TO            |            |                                     |
|                                | \$ 5,856.75                         | \$ -                    | \$ -          | \$ -                       | \$ 5,856.75   | \$ -                       | \$ -          | \$ -          | \$ -       | \$ -                                |
| Fund Balance                   | 80,750.00                           | -                       | 120,000.00    | -                          | -             | -                          | -             | 55,000.00     | -          | 145,750.00                          |
| Capital Improvement Fund       | (102,439.74)                        | -                       | -             | -                          | -             | -                          | -             | -             | -          | (102,439.74)                        |
| Grants Receivable              | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
| Due Current Fund               | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
| Contracts Payable              | 12,000.00                           | -                       | -             | -                          | -             | -                          | -             | -             | -          | 2,827.25                            |
| Due To Federal and State Grant | (31,733.71)                         | -                       | 31,733.71     | -                          | -             | -                          | -             | -             | -          | -                                   |
| Reserve for Debt Service       | 42,073.00                           | -                       | -             | -                          | 42,073.00     | -                          | -             | -             | -          | -                                   |
| Reserve for Encumbrances       | 3,406.27                            | -                       | -             | -                          | -             | -                          | -             | 3,406.27      | 232,666.29 | 232,666.29                          |
|                                | 36,995.99                           | -                       | -             | 28,520.00                  | -             | -                          | -             | -             | -          | 8,475.99                            |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | 425.50                              | -                       | -             | -                          | -             | -                          | -             | -             | -          | 425.50                              |
|                                | 9,000.00                            | -                       | -             | -                          | -             | -                          | -             | -             | -          | 9,000.00                            |
|                                | 197,108.34                          | -                       | -             | -                          | -             | -                          | -             | 197,108.34    | -          | -                                   |
|                                | 24,504.20                           | -                       | -             | 24,504.20                  | -             | -                          | -             | -             | -          | -                                   |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | 132,423.91                          | -                       | -             | 36,687.14                  | -             | -                          | -             | -             | -          | 95,736.77                           |
|                                | 680.76                              | -                       | -             | -                          | -             | -                          | -             | -             | -          | 680.76                              |
|                                | 1,250.41                            | -                       | -             | 9,364.00                   | -             | -                          | -             | -             | -          | (8,113.59)                          |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | 17,124.00                           | -                       | -             | 12,300.00                  | -             | -                          | -             | -             | -          | 4,824.00                            |
|                                | 176,600.00                          | -                       | -             | -                          | -             | -                          | -             | -             | -          | 176,600.00                          |
|                                | 4,095.22                            | -                       | -             | -                          | -             | -                          | -             | 3,028.00      | 3,028.00   | 4,095.22                            |
|                                | 58,249.74                           | -                       | -             | -                          | -             | -                          | -             | -             | -          | 58,249.74                           |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | 7,511.00                            | -                       | -             | -                          | -             | -                          | -             | -             | -          | 7,511.00                            |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | 2,113.00                            | -                       | -             | -                          | -             | -                          | -             | -             | -          | 2,113.00                            |
|                                | 150,000.00                          | -                       | -             | 72,089.04                  | -             | -                          | -             | 40,981.29     | -          | 36,929.67                           |
|                                | 9,000.00                            | -                       | -             | -                          | -             | -                          | -             | -             | -          | 9,000.00                            |
|                                | 3,489.28                            | -                       | -             | 378.27                     | -             | -                          | -             | -             | 378.27     | 3,489.28                            |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | -             | -          | -                                   |
|                                | -                                   | -                       | -             | -                          | -             | -                          | -             | 188,657.00    | 197,108.34 | 8,451.34                            |
|                                | -                                   | -                       | -             | 55,539.36                  | -             | -                          | -             | -             | -          | (55,539.36)                         |
|                                | -                                   | -                       | -             | 588,602.87                 | -             | -                          | -             | -             | -          | 11,397.13                           |
|                                | -                                   | 570,000.00              | -             | -                          | -             | -                          | -             | -             | 30,000.00  | -                                   |
|                                | -                                   | 435,000.00              | -             | 444,289.01                 | -             | -                          | -             | -             | 25,000.00  | 15,710.99                           |
| Total                          | \$ 840,483.92                       | \$ 1,005,000.00         | \$ 151,733.71 | \$ 1,272,273.89            | \$ 57,102.50  | \$ 488,180.90              | \$ 488,180.90 | \$ 667,841.24 |            |                                     |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                              |                               |
|------------------------------|-------------------------------|
| Balance December 31, 2016    | \$ 3,445,000.00               |
| Increased by:                |                               |
| Bonds Issued                 | <u>5,226,000</u>              |
| Subtotal                     | 8,671,000.00                  |
| Decreased by:                |                               |
| Budget Appropriation to Pay: |                               |
| General Serial Bonds         | <u>595,000.00</u>             |
| Balance December 31, 2017    | <u><u>\$ 8,076,000.00</u></u> |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| ORDINANCE NUMBER | DESCRIPTION   | BALANCE DECEMBER 31, 2016   | INCREASED BY IMPROVEMENT AUTHORIZATIONS | BONDS ISSUED  | NOTES PAID BY BUDGET APPROPRIATION   | IMPROVEMENT AUTHORIZATIONS CANCELLED | BALANCE DECEMBER 31, 2017            | FINANCED BY NOTES                    | ANALYSIS OF BALANCE                  |                                       |
|------------------|---|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
|                  |   |   |   |   |                                      |                                      |                                      |                                      | EXPENDITURES                         | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |
| 25-08            | Various Capital Improvements  | \$ 795,750.00   | \$ -                                    | \$ 795,750.00   | \$ -                                 | \$ -                                 | \$ -                                 | \$ -                                 | \$ -                                 | \$ -                                  |
| 26-08, 15-14     | Various Capital Improvements  | 218,850.00  | -                                       | 218,850.00  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     |
| 18-11            | Various Capital Improvements:<br>Purchase Dump Trucks with Snow Attachments<br>Purchase Automated Trucks for Recycling Services<br>Purchase Automated Trash and Recycling Cans<br>Construction of Certain Road Improvements<br>Purchase Various Radios and Equipment<br>Purchase Hot Box for Asphalt Storage<br>Purchase Ambulance with Related Equipment<br>Improvements to Public Buildings and Grounds<br>Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project | 355,630.00<br>509,300.00<br>294,605.00<br>702,925.00<br>7,900.00<br>17,560.00<br>175,620.00<br>131,710.00 | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-    | 355,630.00<br>509,300.00<br>294,605.00<br>702,925.00<br>7,900.00<br>17,560.00<br>175,620.00<br>131,710.00 | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-<br>-<br>-  |
| 14-14            | Construction of a Venting System for the Landfill   | 123,500.00  | -                                       | -   | -                                    | 100,000.00                           | 23,500.00                            | -                                    | 8,113.59                             | 15,386.41                             |
| 11-15            | Various Capital Improvements:<br>Acquisition of Public Works Equipment<br>Phase I Park Improvements<br>Repaving and/or Reconstruction of Various Roads<br>Various Improvements to the Community Center  | 95,000.00<br>190,000.00<br>190,000.00<br>14,250.00  | -<br>-<br>-<br>-                        | 95,000.00<br>190,000.00<br>190,000.00<br>14,000.00  | -<br>-<br>-<br>250.00                | -<br>-<br>-<br>-                     | -<br>-<br>-<br>-                     | -<br>-<br>-<br>-                     | -<br>-<br>-<br>-                     | -<br>-<br>-<br>-                      |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| ORDINANCE NUMBER | DESCRIPTION   | BALANCE DECEMBER 31, 2016 | INCREASED BY IMPROVEMENT AUTHORIZATIONS | BONDS ISSUED           | NOTES PAID BY BUDGET |                      | IMPROVEMENT AUTHORIZATIONS CANCELLED | BALANCE DECEMBER 31, 2017 | FINANCED BY NOTES   | ANALYSIS OF BALANCE                   |                     |
|------------------|---|---------------------------|---|------------------------|----------------------|----------------------|--------------------------------------|---------------------------|---------------------|---------------------------------------|---------------------|
|                  |   |                           |   |                        | APPROPRIATION        | EXPENDITURES         |                                      |                           |                     | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |                     |
| 14-16            | Various Capital Improvements:<br>Purchase 4-Ton Diesel Fire Road Maint. Vehicle | 42,000.00                 | -                                       | 42,000.00              | -                    | -                    | -                                    | -                         | -                   | -                                     | -                   |
|                  | Construction of Hockey Rink   | 150,000.00                | -                                       | 150,000.00             | -                    | -                    | -                                    | -                         | -                   | -                                     | -                   |
|                  | Purchase of Metal Gates   | 9,000.00                  | -                                       | 9,000.00               | -                    | -                    | -                                    | -                         | -                   | -                                     | -                   |
|                  | Purchase of Brine Equipment   | 9,000.00                  | -                                       | 9,000.00               | -                    | -                    | -                                    | -                         | -                   | -                                     | -                   |
| 13-17            | Purchase Public Works Equipment   | -                         | 100,000.00                              | -                      | -                    | -                    | -                                    | 100,000.00                | -                   | 55,539.36                             | 44,460.64           |
| 14-17            | Road Program - 2017   | -                         | 570,000.00                              | -                      | -                    | -                    | -                                    | 570,000.00                | 570,000.00          | -                                     | -                   |
| 17-17            | Purchase of Trash Trucks  | -                         | 435,000.00                              | -                      | -                    | -                    | -                                    | 435,000.00                | 435,000.00          | -                                     | -                   |
|                  | <b>Total</b>  | <b>\$ 5,349,750.00</b>    | <b>\$ 1,105,000.00</b>                  | <b>\$ 5,226,000.00</b> | <b>\$ 250.00</b>     | <b>\$ 100,000.00</b> | <b>\$ 1,128,500.00</b>               | <b>\$ 1,005,000.00</b>    | <b>\$ 63,652.95</b> | <b>\$ 59,847.05</b>                   | <b>\$ 59,847.05</b> |

Improvement Authorizations - Unfunded \$ 86,955.17  
 Less: Unexpended Proceeds of Bond Anticipation Notes Issued:  
     Ordinance No. 14-17 11,397.13  
     Ordinance No. 17-17 15,710.99  
 \$ 59,847.05

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE FROM/(TO) CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |                    |
|---------------------------|--------------------|
| Balance December 31, 2016 | \$ -               |
| Decreased by:             |                    |
| Cash Receipts             | -                  |
|                           | <hr/>              |
| Balance December 31, 2017 | <u><u>\$ -</u></u> |

**SCHEDULE OF GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                           |                             |
|---------------------------|-----------------------------|
| Balance December 31, 2016 | \$ 102,439.74               |
| Decreased by:             |                             |
| Grant Receipts            | -                           |
|                           | <hr/>                       |
| Balance December 31, 2017 | <u><u>\$ 102,439.74</u></u> |

Analysis of Balance

|   |                             |
|---|-----------------------------|
| 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>\$ 102,439.74</u></u> |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| Purpose                       | Date of Issue | Original Issue  | Maturities of Bonds |            |                               | Interest Rate   | Balance December 31, 2016 | Increased       | Decreased       | Balance December 31, 2017 |
|-------------------------------|---------------|-----------------|---------------------|------------|-------------------------------|-----------------|---------------------------|-----------------|-----------------|---------------------------|
|                               |               |                 | Date                | Amount     | Outstanding December 31, 2017 |                 |                           |                 |                 |                           |
| 2012 Refunding Bonds          | 8/22/2012     | \$ 5,445,000.00 | 5/1/18              | 640,000.00 | 3.00%                         | \$ 3,445,000.00 |                           | \$ 595,000.00   | \$ 2,850,000.00 |                           |
|                               |               |                 | 5/1/19              | 685,000.00 | 3.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 5/1/20              | 740,000.00 | 3.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 5/1/21              | 785,000.00 | 3.00%                         |                 |                           |                 |                 |                           |
| 2017 General Obligation Bonds | 4/11/2017     | 5,226,000.00    | 1/15/18             | 276,000.00 | 1.00%                         | -               | 5,226,000.00              | -               | 5,226,000.00    |                           |
|                               |               |                 | 1/15/19             | 300,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/20             | 275,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/21             | 275,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/22             | 550,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/23             | 550,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/24             | 500,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/25             | 500,000.00 | 2.00%                         |                 |                           |                 |                 |                           |
|                               |               |                 | 1/15/26             | 500,000.00 | 2.13%                         |                 |                           |                 |                 |                           |
|                               |               | 1/15/27         | 500,000.00          | 3.00%      |                               |                 |                           |                 |                 |                           |
|                               |               | 1/15/28         | 500,000.00          | 3.00%      |                               |                 |                           |                 |                 |                           |
|                               |               | 1/15/29         | 500,000.00          | 3.00%      |                               |                 |                           |                 |                 |                           |
|                               |               |                 |                     |            |                               |                 | \$ 3,445,000.00           | \$ 5,226,000.00 | \$ 595,000.00   | \$ 8,076,000.00           |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION            | ORIGINAL AMOUNT ISSUED | ORIGINAL ISSUE DATE | DATE OF ISSUE | MATURITY DATE | INTEREST RATE | BALANCE DECEMBER 31, 2016 | INCREASED              | DECREASED              | BALANCE DECEMBER 31, 2017 |  |
|------------------|------------------------------------|------------------------|---------------------|---------------|---------------|---------------|---------------------------|------------------------|------------------------|---------------------------|--|
| 25-08            | Various Improvements               | 351,965.00             | 9/18/2008           | 04/16/16      | 04/15/17      | 2.00%         | \$ 245,600.00             | \$ -                   | \$ 245,600.00          | \$ -                      |  |
| 25-08            | Various Improvements               | 308,285.00             | 4/18/2012           | 04/16/16      | 04/15/17      | 2.00%         | 285,950.00                | -                      | 285,950.00             | -                         |  |
| 25-08            | Various Improvements               | 372,400.00             | 9/18/2008           | 04/16/16      | 04/15/17      | 2.00%         | 264,200.00                | -                      | 264,200.00             | -                         |  |
| 26-08, 15-14     | Supplemental Environmental Cleanup | 460,750.00             | 4/18/2012           | 04/16/16      | 04/15/17      | 2.00%         | 218,850.00                | -                      | 218,850.00             | -                         |  |
| 18-11            | Various Capital Improvements       | 3,800,000.00           | 4/18/2012           | 04/16/16      | 04/15/17      | 2.00%         | 3,044,400.00              | -                      | 3,044,400.00           | -                         |  |
| 18-11            | Various Capital Improvements       | 468,000.00             | 04/17/14            | 04/16/16      | 04/15/17      | 2.00%         | 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             | -                         |  |
| 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             | -                         |  |
| 17-17            | Purchase of Trash Trucks           | 435,000.00             | 12/20/17            | 12/20/17      | 12/19/18      | 1.25%         | -                         | 435,000.00             | -                      | 435,000.00                |  |
| 14-17            | Road Program - 2017                | 570,000.00             | 12/20/17            | 12/20/17      | 12/19/18      | 1.25%         | -                         | 570,000.00             | -                      | 570,000.00                |  |
| <b>Total</b>     |                                    |                        |                     |               |               |               | <b>\$ 5,226,250.00</b>    | <b>\$ 1,005,000.00</b> | <b>\$ 5,226,250.00</b> | <b>\$ 1,005,000.00</b>    |  |
|                  |                                    |                        |                     |               |               |               | Budget Appropriation      | \$ -                   | \$ 250.00              |                           |  |
|                  |                                    |                        |                     |               |               |               | Issued for Cash           | \$ 1,005,000.00        | -                      | -                         |  |
|                  |                                    |                        |                     |               |               |               | Funded by Bonds Issued    | -                      | 5,226,000.00           |                           |  |
|                  |                                    |                        |                     |               |               |               | Rollover                  | -                      | -                      |                           |  |
|                  |                                    |                        |                     |               |               |               | <b>\$ 1,005,000.00</b>    | <b>\$ 5,226,250.00</b> |                        |                           |  |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION  | ORDINANCE DATE   | BALANCE DECEMBER 31, 2016  |  | 2017 AUTHORIZATIONS  | PRIOR YEAR ENCUMBRANCES RECLASSIFIED | EXPENDED                          |  | AUTHORIZATIONS                    |                                     | BALANCE DECEMBER 31, 2017  |  |                            |
|------------------|--|--|--|--|--|--------------------------------------|-----------------------------------|--|-----------------------------------|-------------------------------------|----------------------------|--|----------------------------|
|                  |  |  | AMOUNT   | FUNDED                                 |  |                                      | UNFUNDED                          | PAID OR CHARGED                            | ENCUMBERED                        | CANCELLED                           | FUNDED                     | UNFUNDED   |                            |
| 26-08, 15-14     | Various Capital Improvements:<br>Supplemental Environmental Cleanup<br>Construction of a Venting System for the Landfill   | 6/24/14<br>6/24/14   | \$ 288,124.00<br>143,366.33  | -<br>-                                 | \$ 36,995.99   | -<br>-                               | \$ -<br>-                         | \$ 28,520.00                               | -<br>-                            | \$ -<br>-                           | -<br>-                     | \$ 8,475.99  | -<br>-                     |
| 18-11            | Various Capital Improvements:<br>Purchase Automated Trash and Recycling Cans<br>Purchase Various Radios and Equipment<br>Purchase Ambulance with Related Equipment<br>Improvements to Public Buildings and Grounds<br>Construction of Certain Road Improvements<br>Construction of Various Infrastructure Improvements<br>for Meredith Farms Redevelopment Project | 12/13/11<br>12/13/11<br>12/13/11<br>12/13/11<br>12/13/11<br>12/13/11 | 335,500.00<br>9,000.00<br>200,000.00<br>150,000.00<br>800,500.00<br>1,500,000.00 | -<br>450.00<br>7,108.34<br>-<br>-<br>- | 425.50<br>8,550.00<br>190,000.00<br>24,504.20<br>-<br>132,423.91 | -<br>-<br>-<br>-<br>-<br>-           | -<br>-<br>-<br>-<br>-<br>-        | -<br>-<br>24,504.20<br>-<br>-<br>36,687.14 | -<br>-<br>-<br>-<br>-<br>-        | -<br>-<br>197,108.34<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>- | 425.50<br>9,000.00<br>-<br>-<br>-<br>95,736.77                   | -<br>-<br>-<br>-<br>-<br>- |
| 04-13            | Acquisition of Equipment for Police  | 2/26/13  | 153,030.00   | 680.76                                 | -  | -                                    | -                                 | -  | -                                 | -                                   | -                          | 680.76   | -                          |
| 14-14            | Construction of a Venting System for the Landfill  | 6/24/14  | 130,000.00   | 1,250.41                               | 123,500.00   | -                                    | -                                 | 9,364.00                                   | -                                 | 100,000.00                          | -                          | -  | 15,386.41                  |
| 11-15            | Various Capital Improvements:<br>Acquisition of Public Works Equipment<br>Phase I Park Improvements<br>Repaving and/or Reconstruction of Various Roads<br>Repaving and/or Reconstruction of Grant Avenue<br>Repaving and/or Reconstruction of<br>New Jersey, Maple, and Delaware Avenue<br>Various Improvements to the Community Center                            | 6/9/15<br>6/9/15<br>6/9/15<br>6/9/15<br>6/9/15<br>6/9/15             | 100,000.00<br>200,000.00<br>200,000.00<br>470,000.00<br>50,000.00<br>15,000.00   | -<br>-<br>-<br>58,249.74<br>-<br>-     | 17,124.00<br>176,600.00<br>4,095.22<br>-<br>-<br>7,511.00        | -<br>-<br>-<br>-<br>-<br>-           | -<br>-<br>3,028.00<br>-<br>-<br>- | 12,300.00<br>-<br>-<br>-<br>-<br>-         | -<br>-<br>3,028.00<br>-<br>-<br>- | -<br>-<br>-<br>-<br>-<br>-          | -<br>-<br>-<br>-<br>-<br>- | 4,824.00<br>176,600.00<br>4,095.22<br>58,249.74<br>-<br>7,511.00 | -<br>-<br>-<br>-<br>-<br>- |
| 14-16            | Various Capital Improvements:<br>Purchase 4-Ton Diesel Fire Road Maint. Vehicle<br>Construction of Hoeky Rink<br>Purchase of Metal Gates<br>Purchase of Brine Equipment  | 11/2/16<br>11/2/16<br>11/2/16<br>11/2/16                             | 42,000.00<br>150,000.00<br>9,000.00<br>9,000.00                                  | -<br>-<br>-<br>-                       | 2,113.00<br>150,000.00<br>9,000.00<br>3,489.28                   | -<br>-<br>-<br>-                     | -<br>-<br>-<br>-                  | 72,089.04<br>-<br>-<br>378.27              | 40,981.29<br>-<br>-<br>-          | -<br>-<br>-<br>-                    | -<br>-<br>-<br>-           | 2,113.00<br>36,929.67<br>9,000.00<br>3,489.28                    | -<br>-<br>-<br>-           |
| 11-17            | Purchase 4-Wheel Drive Police Vehicles   | 6/8/17   | 197,108.34   | -                                      | -  | -                                    | -                                 | -  | 188,657.00                        | -                                   | -                          | 8,451.34   | -                          |
| 13-17            | Purchase Public Works Equipment  | 7/13/17  | 100,000.00   | -                                      | -  | -                                    | -                                 | 55,539.36                                  | -                                 | -                                   | -                          | -  | 44,460.64                  |
| 14-17            | Road Program - 2017  | 7/13/17  | 600,000.00   | -                                      | -  | -                                    | -                                 | 588,602.87                                 | -                                 | -                                   | -                          | -  | 11,397.13                  |
| 17-17            | Purchase of Trash Trucks   | 8/10/17  | 460,000.00   | -                                      | -  | -                                    | -                                 | 444,289.01                                 | -                                 | -                                   | -                          | -  | 15,710.99                  |
|                  |  |  | \$ 67,739.25   | \$ 886,332.10                          | \$ 1,357,108.34  | \$ 3,406.27                          | \$ 1,272,273.89                   | \$ 232,666.29                              | \$ 297,108.34                     | \$ 425,582.27                       | \$ 86,955.17               |  |                            |

Capital Improvement Fund  
Funded by Bond Issue  
Deferred Charges to Future Taxation - Unfunded

\$ 55,000.00  
197,108.34  
1,105,000.00

\$ 1,357,108.34

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                  |                           |
|----------------------------------|---------------------------|
| Balance December 31, 2016        | \$ 12,000.00              |
| Decreased by:                    |                           |
| Disbursements                    | <u>9,172.75</u>           |
| Balance December 31, 2017        | <u><u>\$ 2,827.25</u></u> |
| <u>Analysis of Balance</u>       |                           |
| ORD 18-11 Purchase of Dump Truck | <u><u>\$ 2,827.25</u></u> |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|  |    |            |
|--|----|------------|
| Balance December 31, 2016                  | \$ | 80,750.00  |
| Increased by:                              |    |            |
| Current Fund Budget Appropriation          |    | 120,000.00 |
| Subtotal                                   |    | 200,750.00 |
| Decreased by:                              |    |            |
| Down Payment for Improvement Authorization |    | 55,000.00  |
| Balance December 31, 2017                  | \$ | 145,750.00 |

**SCHEDULE OF RESERVE FOR DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

|                                 |    |           |
|---------------------------------|----|-----------|
| Balance December 31, 2016       | \$ | 42,073.00 |
| Decreased by:                   |    |           |
| Utilized in Current Fund Budget |    | 42,073.00 |
| Balance December 31, 2017       | \$ | -         |

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| ORDINANCE<br>NUMBER | IMPROVEMENT<br>DESCRIPTION         | BALANCE<br>DECEMBER 31,<br>2016 | 2017<br>AUTHORIZATIONS | NOTES<br>ISSUED        | TRANSFER TO<br>ORDINANCE | BALANCE<br>DECEMBER 31,<br>2017 |
|---------------------|------------------------------------|---------------------------------|------------------------|------------------------|--------------------------|---------------------------------|
| 14-14               | Venting System for Landfill        | \$ 123,500.00                   | \$ -                   | \$ -                   | \$ 100,000.00            | \$ 23,500.00                    |
| 13-17               | Purchase of Public Works Equipment | -                               | 100,000.00             | -                      | -                        | 100,000.00                      |
| 14-17               | Road Program - 2017                | -                               | 570,000.00             | 570,000.00             | -                        | -                               |
| 17-17               | Reconstruction of Various Roads    | -                               | 435,000.00             | 435,000.00             | -                        | -                               |
|                     | Total                              | <u>\$ 123,500.00</u>            | <u>\$ 1,105,000.00</u> | <u>\$ 1,005,000.00</u> | <u>\$ 100,000.00</u>     | <u>\$ 123,500.00</u>            |

**TOWNSHIP OF FRANKLIN**

**PART II**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -  
GOVERNMENT AUDITING STANDARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

*This page intentionally left blank*

**TOWNSHIP OF FRANKLIN  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**Finding 2017-001:**

Criteria of Specific Requirement:

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

Condition:

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

Cause:

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

Effect or Potential Effect:

Non-compliance with N.J.A.C. 5:30-5.6.

Recommendation:

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

Management Response:

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

**TOWNSHIP OF FRANKLIN**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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 (CFR) 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. 2016-001**

Condition:

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

Current Status:

This finding has been corrected.

**Finding No. 2016-002**

Condition:

The Township's accounting for municipal and outside tax title lien redemption and premium 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.

Current Status:

This finding has been corrected.

**FEDERAL AWARDS**

N/A – No Federal Single Audit in prior year.

**STATE FINANCIAL ASSISTANCE**

N/A – No State Single Audit in prior year.

**TOWNSHIP OF FRANKLIN**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*This page intentionally left blank*

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2017:

| <u>Name</u>            | <u>Title</u>               | <u>Amount<br/>of Bond</u> |
|------------------------|----------------------------|---------------------------|
| Donald Krevetski       | Mayor                      |                           |
| David Deegan           | Deputy Mayor               |                           |
| Leah Vassallo          | Committeeperson            |                           |
| Heather Flaim          | Committeeperson            |                           |
| Mary Petsch-Wilson     | Committeeperson            |                           |
| Nancy Kennedy Brent    | Administrator              | (1)                       |
| Charles J. Owens       | Chief Financial Officer    | (1)                       |
| Barbara Freijomil      | Township Clerk             | (1)                       |
| Elizabeth A. Ruhl      | Tax Collector              | (1)                       |
| Rich Saunders          | Construction Code Official | (1)                       |
| Joan Sorbella Adams    | Magistrate                 | (1)                       |
| Tracey Bleda           | Court Administrator        | (1)                       |
| Angelina Roman         | Deputy Court Administrator | (1)                       |
| Brendan Kavanuagh      | Solicitor                  |                           |
| Adams, Rehmann & Hegan | Engineers                  |                           |

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

*This page intentionally left blank*



Honorable Mayor and Members  
of the Township Committee  
Township of Franklin  
County of Gloucester  
Franklinville, New Jersey

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, 2017.

#### **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:11-4 was \$17,500 for the year ended December 31, 2017.

It is pointed out that the governing body of the municipality 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.

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 7, 2017 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.

### OTHER COMMENTS (FINDINGS):

**Finding 2017-01** (*Finding 2017-001 in the Schedule of Financial Statement Findings section*) - The Township did not maintain a fixed asset accounting system for land and buildings in accordance with N.J.A.C. 5:30:5.6.

### RECOMMENDATIONS:

#### **Finding 2017-01**

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

**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 No. 435

Medford, New Jersey  
June 26, 2018