

TOWNSHIP OF FRANKLIN
AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2019

**TOWNSHIP OF FRANKLIN
COUNTY OF GLOUCESTER**

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COUNTY OF GLOUCESTER**

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**TOWNSHIP OF FRANKLIN
COUNTY OF GLOUCESTER**

PART I

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2019**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Franklin, County of Gloucester, State of New Jersey as of December 31, 2019, and the related statement of operations and changes in fund balance--regulatory basis for the year then ended, the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2019, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Township of Franklin prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Franklin, County of Gloucester, State of New Jersey, as of December 31, 2019, or the results of its operations and changes in fund balance for the year then ended.

Basis for Disclaimer of Opinion on General Fixed Assets Account Group

The Township has not completed a Fixed Assets inventory and has not prepared a Statement of Fixed Assets Account Group as of December 31, 2019.

Disclaimer of Opinion on General Fixed Assets Account Group

Due to the fact that we were unable to audit a Statement of General Fixed Assets for the year ending December 31, 2019, we do not express an opinion of the General Fixed Assets Account Group financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, except for the General Fixed Assets Account Group financial statements as described in the “Basis for Disclaimer of Opinion on General Fixed Assets Account Group” paragraph, the financial statement 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, 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 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

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Prior Period Financial Statements

The financial statements as of December 31, 2018, were audited by other auditors whose report dated November 29, 2019, expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020, on our consideration of the Township of Franklin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Franklin's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

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

Medford, New Jersey
November 4, 2020

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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 08322

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Franklin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated November 4, 2020. 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

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accompanying schedule of financial statement findings that we consider to be material weaknesses as Finding Nos. 2019-001, 2019-002, 2019-004 and 2019-006.

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 Nos. 2019-001, 2019-002, 2019-003, 2019-004, 2019-005 and 2019-006.

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,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

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

Medford, New Jersey
November 4, 2020

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Regular Fund:			
Cash	A-4	\$ 2,558,984.46	\$ 877,099.49
Change Fund	A-5	350.00	350.00
Due from State of New Jersey - Senior and Veterans Deductions	A-6	8,154.38	6,748.22
Due from Library	A-26	49,278.78	29,057.66
Total		<u>2,616,767.62</u>	<u>913,255.37</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-7	917,162.64	486,248.99
Tax Title Liens Receivable	A-8	1,026,722.78	887,764.94
Foreclosed Property - Assessed Valuation	A-9	1,695,727.51	1,811,900.00
Revenue Accounts Receivable	A-10	22,386.45	20,601.48
Land Sale Receivable	A	19,470.00	19,470.00
Due from Trust - Other Fund	B	790,132.98	31,448.34
Due from General Capital Fund	C	-	2,282,331.72
Due from Animal Control Fund	B	11,139.76	28,143.20
Total Receivables & Other Assets With Full Reserves		<u>4,482,742.12</u>	<u>5,567,908.67</u>
Deferred Charges To Future Taxation:			
Overexpenditure of Appropriations	A-11	101,786.89	89,219.00
Deficit in Operations	A-11	52,713.60	1,480,077.29
Overexpenditure of Appropriation Reserves	A-11	6,186.00	617.45
Total		<u>160,686.49</u>	<u>1,569,913.74</u>
Total Regular Funds		<u>7,260,196.23</u>	<u>8,051,077.78</u>
Federal & State Grants:			
Due From Current Fund	A-27	346,840.71	87,643.04
Federal and State Grants Receivable	A-28	304,821.61	432,189.75
Deferred Charges:			
Overexpenditure of Grant Funds	A	297,495.33	37,344.43
Total State & Federal Grants		<u>949,157.65</u>	<u>557,177.22</u>
Total Assets		<u>\$ 8,209,353.88</u>	<u>\$ 8,608,255.00</u>

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

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2019	2018
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 114,758.35	\$ 511,373.94
Reserve for Encumbrances	A-3	158,616.62	132,511.78
Accounts Payable	A-14	23,319.06	7,878.12
Prepaid Taxes	A-13	385,826.61	453,339.96
Tax Overpayments	A-12	136.38	-
County Taxes Payable	A-15	18,921.92	39,648.42
Local School District Taxes Payable	A-16	270,211.98	120,474.98
Regional High School District Taxes Payable	A-17	203,664.53	206,015.40
Special District Taxes Payable	A-19	7,086.75	-
Due to State - DCA Fees	A-20	7,664.00	4,212.00
Due to State - Marriage Lincese Fees	A-21	-	750.00
Due to Federal & State Grant Fund	A	346,840.71	87,643.04
Due to Municipal Open Space Trust Fund	B	219,189.29	95,755.73
Due to General Capital Fund	C	149,390.78	-
Reserve for:			
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
Subtotal Regular Fund		<u>1,931,146.23</u>	<u>1,685,122.62</u>
Reserve for Receivables & Other Assets	A	4,482,742.12	5,567,908.67
Fund Balance	A-1	<u>846,307.88</u>	<u>798,046.49</u>
Total Regular Fund		<u>7,260,196.23</u>	<u>8,051,077.78</u>
State & Federal Grants:			
Reserve for Encumbrances	A-29	14,530.59	1,260.00
Reserve for Federal & State Grants:			
Appropriated	A-29	484,063.38	538,382.72
Unappropriated	A-30	378,454.78	-
Due to General Capital Fund	C	<u>72,108.90</u>	<u>17,534.50</u>
Total State & Federal Grants		<u>949,157.65</u>	<u>557,177.22</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 8,209,353.88</u>	<u>\$ 8,608,255.00</u>

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

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENTS OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Revenue & Other Income Realized:		
Surplus Utilized	\$ 28,269.94	\$ 1,617,941.00
Miscellaneous Revenue Anticipated	6,479,017.23	3,550,311.82
Receipts From Delinquent Taxes & Tax Title Liens	526,162.55	120,852.18
Receipts From Current Taxes	42,059,345.17	41,884,978.11
Nonbudget Revenue	166,011.21	987,738.81
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	292,352.91	348,556.27
Refund of Prior Year Expenditures	79,983.85	-
Interfunds Returned	17,003.44	97.40
Tax Overpayments Cancelled	88,125.33	25,487.77
Cancellation of Accounts Payable	7,878.12	-
Total	49,744,149.75	48,535,963.36
Expenditures:		
Budget Appropriations Within "CAPS":		
Salaries & Wages	4,361,844.81	4,115,050.00
Other Expenses	4,408,033.23	4,582,534.00
Deferred Charges & Statutory Expenditures	2,074,274.54	1,192,393.21
Excluded From "CAPS":		
Salaries & Wages	1,019,850.00	970,000.00
Other Expenses	750,066.00	846,107.83
Capital Improvements	25,000.00	100,000.00
Municipal Debt Service	1,152,650.00	1,151,083.13
Deferred Charges	701,533.00	-
County Tax	9,046,132.42	8,884,238.57
County Share of Added and Omitted Taxes	18,921.92	39,648.42
Local District School Tax	11,223,197.00	10,966,505.00
Regional High School Tax	12,543,152.00	12,375,834.00
Special District Tax	1,970,616.00	1,942,266.00
Municipal Open Space Tax	123,433.56	123,728.79
Prior Year Senior Citizen & Veteran Deductions Disallowed	9,039.73	10,421.23
Interfunds Advanced in the Current Year	347,229.65	2,716,230.47
Total Expenditures	49,774,973.86	50,016,040.65
Excess/(Deficit) in Revenue	(30,824.11)	(1,480,077.29)
Adjustment:		
Deferred Charges to Succeeding Year's Budget	107,355.44	1,569,296.29
Statutory Excess to Fund Balance	76,531.33	89,219.00
Fund Balance January 1	798,046.49	2,326,768.49
Total	874,577.82	2,415,987.49
Decreased by: Utilization as Anticipated Revenue	28,269.94	1,617,941.00
Fund Balance December 31	\$ 846,307.88	\$ 798,046.49

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, 2019**

	BUDGET	APPROPRIATED		EXCESS OR (DEFICIT)
		BY N.J.S.A.40A:47-87	REALIZED	
Surplus Anticipated	\$ 28,269.94	\$ -	\$ 28,269.94	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	30,000.00	-	37,390.32	7,390.32
Other	3,800.00	-	4,710.00	910.00
Fees & Permits	40,000.00	-	63,100.71	23,100.71
Fines & Costs - Municipal Court	247,000.00	-	254,352.15	7,352.15
Interest & Costs on Taxes	100,000.00	-	182,654.41	82,654.41
Interest on Investments & Deposits	20,000.00	-	18,151.69	(1,848.31)
Housing Inspection Fees	550,000.00	-	557,021.00	7,021.00
Franchise Fees - Cable Television	67,000.00	-	67,823.56	823.56
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	170,000.00	-	213,369.00	43,369.00
Township of Buena - Joint Municipal Court	80,000.00	-	80,000.00	-
Township of Buena - Police Services	787,500.00	-	787,500.00	-
Interlocal Agreement - Newfield Borough - Police Services	450,000.00	-	456,250.00	6,250.00
Public and Private Revenues Offset With Appropriations:				
JIF Safety Incentive	4,075.00	-	4,075.00	-
JIF Cyber Security	2,500.00	-	2,500.00	-
Other Special Items of Revenue				
Uniform Fire Safety Act	35,000.00	-	16,083.67	(18,916.33)
Interfund - Due from Capital	2,282,331.72	-	2,282,331.72	-
Due from Trust Other	300,634.00	-	-	(300,634.00)
Total Miscellaneous Revenues	6,621,544.72	-	6,479,017.23	(142,527.49)
Receipts From Delinquent Taxes	398,524.77	-	526,162.55	127,637.78
Subtotal General Revenues	7,048,339.43	-	7,033,449.72	(14,889.71)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	8,127,227.45	-	7,917,644.46	(209,582.99)
Budget Totals	15,175,566.88	-	14,951,094.18	(224,472.70)
Nonbudget Revenues	-	-	166,011.21	166,011.21
Total	\$ 15,175,566.88	\$ -	\$ 15,117,105.39	\$ (58,461.49)

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, 2019**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 42,059,345.17
Allocated to:	
School, County, Municipal Open Space, and Special District Taxes	<u>34,925,452.90</u>
Balance for Support of Municipal Budget Appropriations	7,133,892.27
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>783,752.19</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 7,917,644.46</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 457,225.28
Tax Title Lien Collections	<u>68,937.27</u>
	<u>\$ 526,162.55</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Clerk	\$ 28.05
Community Center Rental	2,897.50
Tax Collector	880.55
Clear Channel	780.00
Tax Sale Premium Forfeiture	43,277.78
Sale of Land	97,102.00
Other Miscellaneous	18,001.12
SC & Vet Administration Fees	<u>3,044.21</u>
	<u>\$ 166,011.21</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, 2019**

	APPROPRIATIONS				RESERVED	CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER	PAID OR CHARGED				
		MODIFICATION	EXPENDED	ENCUMBERED			
General Government:							
General Administration:							
Salaries and Wages	\$ 140,000.00	\$ 158,110.11	\$ 155,110.11	\$ -	\$ 3,000.00	\$ -	\$ -
Other Expenses	56,000.00	63,000.00	59,470.77	2,279.42	1,249.81	-	-
Mayor and Township Committee:							
Salaries and Wages	22,000.00	22,000.00	21,999.84	-	0.16	-	-
Other Expenses	2,000.00	2,000.00	1,490.00	130.00	380.00	-	-
Municipal Clerk:							
Salaries and Wages	96,000.00	89,500.00	88,457.57	-	1,042.43	-	-
Other Expenses	25,000.00	25,000.00	24,972.98	-	27.02	-	-
Financial Administration:							
Salaries and Wages	50,100.00	52,700.00	52,693.16	-	6.84	-	-
Other Expenses	45,000.00	41,100.00	38,498.65	2,528.08	73.27	-	-
Audit Services:							
Other Expenses	55,000.00	59,200.00	59,200.00	-	-	-	-
Centralized Computerized Data Processing:							
Other Expenses	9,000.00	10,000.00	9,553.20	-	446.80	-	-
Revenue Administration - Tax Collection:							
Salaries and Wages	72,000.00	69,900.00	69,828.62	-	71.38	-	-
Other Expenses	25,000.00	27,500.00	27,390.31	97.00	12.69	-	-
Engineering Services:							
Other Expenses	120,000.00	120,000.00	92,230.85	-	27,769.15	-	-
Economic Development:							
Other Expenses	10,000.00	-	-	-	-	-	-
Historical Sites Office:							
Salaries and Wages	2,000.00	2,000.00	1,700.00	-	300.00	-	-
Other Expenses	1,000.00	1,000.00	15.00	-	985.00	-	-
Department of Law:							
Salaries and Wages	48,000.00	48,000.00	48,000.00	-	-	-	-
Other Expenses	77,000.00	182,000.00	178,024.26	500.00	3,475.74	-	-
Land Use Administration:							
Planning Board:							
Salaries and Wages	57,500.00	55,300.00	55,267.57	-	32.43	-	-
Other Expenses	16,000.00	16,000.00	15,053.61	-	946.39	-	-
Zoning Board of Adjustment:							
Salaries and Wages	22,500.00	20,400.00	20,309.53	-	90.47	-	-
Other Expenses	10,000.00	10,000.00	8,506.40	370.00	1,123.60	-	-
Other Code Enforcement Functions							
Other Expenses	15,000.00	4,500.00	1,200.00	-	3,300.00	-	-
State Uniform Construction Code:							
Construction Official:							
Salaries and Wages	112,500.00	122,000.00	121,576.06	-	423.94	-	-
Other Expenses	10,000.00	5,500.00	4,816.63	147.11	536.26	-	-

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

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS				RESERVED	CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED			
			EXPENDED				
Public Safety Functions:							
Police Department:							
Salaries and Wages	2,010,150.00	2,160,150.00	2,205,400.70	-	-	-	45,250.70
Other Expenses	138,500.00	(36,500.00)	(38,220.39)	3,772.75	-	-	2,052.36
Office of Emergency Management:							
Salaries and Wages	2,000.00	-	-	-	-	-	-
Other Expenses	1,000.00	1,430.95	1,430.95	-	-	-	-
Aid to Volunteer Ambulance Corporation:							
Other Expenses	-	500.00	-	-	500.00	-	-
Uniform Fire Safety and Inspection Act:							
Salaries and Wages	29,000.00	26,800.00	26,788.61	-	11.39	-	-
Other Expenses	14,000.00	14,000.00	13,192.07	-	807.93	-	-
Prosecutor's Office:							
Salaries and Wages	25,000.00	25,000.00	24,612.72	-	387.28	-	-
Public Works Functions:							
Road Repairs & Maintenance:							
Salaries and Wages	1,200,000.00	1,152,300.00	1,152,282.76	-	17.24	-	-
Other Expenses	220,000.00	211,000.00	188,019.24	20,197.54	2,783.22	-	-
Public Buildings & Grounds:							
Other Expenses	80,000.00	65,000.00	58,004.62	7,878.86	0.00	-	883.48
Community Center:							
Salaries and Wages	65,000.00	77,500.00	77,254.76	-	245.24	-	-
Other Expenses	7,000.00	7,000.00	6,883.69	-	116.31	-	-
Vehicle Maintenance:							
Other Expenses	220,000.00	175,000.00	159,593.85	15,876.46	-	-	470.31
Health & Human Services:							
Public Health Services:							
Salaries and Wages	27,500.00	27,500.00	27,126.20	-	373.80	-	-
Other Expenses	60,000.00	50,000.00	49,607.56	206.19	186.25	-	-
Environmental Commission (N.J.S.A. 40:56A-1)							
Salaries and Wages	1,000.00	-	-	-	-	-	-
Other Expenses	2,000.00	596.00	595.10	-	0.90	-	-
Park and Recreation Functions:							
Recreation Services and Programs:							
Salaries and Wages	1,500.00	-	-	-	-	-	-
Other Expenses	9,000.00	900.00	814.48	-	85.52	-	-
Parks and Playgrounds:							
Salaries and Wages	5,000.00	5,000.00	5,000.00	-	-	-	-
Other Expenses	32,000.00	19,485.20	16,350.98	1,239.00	1,895.22	-	-
Insurance:							
Liability Insurance	233,000.00	233,000.00	233,000.00	-	-	-	-
Worker's Compensation	370,000.00	359,700.00	359,606.48	-	93.52	-	-
Group Insurance for Employees	1,485,000.00	1,390,000.00	1,386,961.44	-	3,038.56	-	-

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, 2019**

	APPROPRIATIONS				RESERVED	CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED			
Other Common Operating Functions (Unclassified):							
Celebration of Public Events, Anniv. or Holiday							
Other Expenses	1,000.00	1,000.00	84.43	224.19	691.38	-	-
Utility Expenses & Bulk Purchases:							
Electricity	125,000.00	122,000.00	119,147.33	45.16	2,807.51	-	-
Street Lighting	110,000.00	110,000.00	99,959.30	-	10,040.70	-	-
Telephone	50,000.00	53,000.00	51,480.76	-	1,519.24	-	-
Gas (Natural/Propane)	75,000.00	54,421.56	34,846.49	12,529.93	7,045.14	-	-
Diesel Fuel	80,000.00	81,863.92	81,863.92	-	-	-	-
Gasoline	115,000.00	117,622.80	117,622.80	3,254.72	-	-	3,254.72
Municipal Court Functions:							
Municipal Court:							
Salaries and Wages	179,000.00	183,500.00	183,500.00	-	-	-	-
Other Expenses	20,000.00	12,000.00	7,997.97	4,002.03	0.00	-	-
Public Defender (P.L. 1997, C. 256):							
Salaries and Wages	6,500.00	6,500.00	7,934.00	-	-	-	1,434.00
Landfill/Solid Waste Disposal:							
Other Expenses	610,000.00	743,290.64	703,213.75	83,338.18	-	-	43,261.29
Unclassified:							
Cable Television Commission:							
Salaries and Wages	11,000.00	11,000.00	5,211.72	-	5,788.28	-	-
Other Expenses	10,000.00	5,000.00	4,639.98	-	360.02	-	-
Total Operation Within "CAPS"	8,728,750.00	8,673,271.18	8,527,173.39	158,616.62	84,088.03	-	96,606.86
Detail:							
Salaries and Wages	4,185,250.00	4,315,160.11	4,350,053.93	-	11,790.88	-	46,684.70
Other Expenses (Including Contingent)	4,543,500.00	4,358,111.07	4,177,119.46	158,616.62	72,297.15	-	49,922.16
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":							
Overexpenditure of Appropriations	89,219.00	89,219.00	89,219.00	-	-	-	-
Deficit in Operations	725,830.69	725,830.69	725,830.69	-	-	-	-
Contribution to:							
Public Employees Retirement System	273,172.00	273,172.00	273,172.00	-	-	-	-
Social Security System (O.A.S.I)	298,850.00	361,628.82	355,274.54	-	6,354.28	-	-
Police & Fire Retirement System	586,544.00	586,544.00	586,544.00	-	-	-	-
Unemployment Insurance	30,000.00	22,300.00	27,480.03	-	-	-	-
Defined Contribution Plan	10,000.00	10,400.00	10,365.55	-	34.45	-	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	2,013,615.69	2,069,094.51	2,067,885.81	-	6,388.73	-	5,180.03

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, 2019**

	APPROPRIATIONS			RESERVED	CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED ENCUMBERED			
Total General Appropriations for Municipal Purposes Within "CAPS"	10,742,365.69	10,742,365.69	10,595,059.20	90,476.76	-	101,786.89
OPERATIONS - EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library:						
Other Expenses	440,158.00	440,158.00	440,158.00	-	-	-
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	67,632.30	2,367.70	-	-
Other Expenses	10,000.00	10,000.00	6,985.87	3,014.13	-	-
Police Services - Borough of Newfield:						
Salaries and Wages	372,350.00	372,350.00	372,350.00	-	-	-
Other Expenses	77,650.00	77,650.00	75,337.18	2,312.82	-	-
Police Services - Township of Buena:						
Salaries and Wages	577,500.00	577,500.00	577,500.00	-	-	-
Other Expenses	210,000.00	210,000.00	199,096.06	10,903.94	-	-
Public & Private Programs Offset by Revenues:						
JIF Safety Incentive Program	4,075.00	4,075.00	4,075.00	-	-	-
JIF Cyber Security Program	2,500.00	2,500.00	2,500.00	-	-	-
Total Operations Excluded From "CAPS"	1,769,916.00	1,769,916.00	1,745,634.41	24,281.59	-	-
Detail:						
Salaries and Wages	1,019,850.00	1,019,850.00	1,017,482.30	2,367.70	-	-
Other Expenses	750,066.00	750,066.00	728,152.11	21,913.89	-	-
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-
Total Capital Improvements Excluded from "CAPS"	25,000.00	25,000.00	25,000.00	-	-	-
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Principal	985,000.00	985,000.00	985,000.00	-	-	-
Interest on Bonds	168,000.00	168,000.00	167,650.00	-	350.00	-
Total Municipal Debt Service Excluded from "CAPS"	1,153,000.00	1,153,000.00	1,152,650.00	-	350.00	-
Deferred Charges - Excluded from "CAPS":						
Cash Deficit of Preceding Year	701,533.00	701,533.00	701,533.00	-	-	-

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

TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS				RESERVED	CANCELED	OVER-EXPENDITURE
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED			
Total Deferred Charges Excluded from "CAPS"	701,533.00	701,533.00	701,533.00	-	-	-	-
Total General Appropriations Excluded from "CAPS"	3,649,449.00	3,649,449.00	3,624,817.41	-	24,281.59	350.00	-
Subtotal General Appropriations	14,391,814.69	14,391,814.69	14,219,876.61	158,616.62	114,758.35	350.00	101,786.89
Reserve For Uncollected Taxes	783,752.19	783,752.19	783,752.19	-	-	-	-
Total General Appropriations	\$ 15,175,566.88	\$ 15,175,566.88	\$ 15,003,628.80	\$ 158,616.62	\$ 114,758.35	\$ 350.00	\$ 101,786.89

Adopted Budget	\$ 15,175,566.88
Total	\$ 15,175,566.88

Reserve for Uncollected Taxes	\$ 783,752.19
Deferred Charges	1,516,582.69
Cash Disbursements	12,953,811.81
Due to General Capital	25,000.00
Due from Trust Other	(282,092.89)
Reserve for Federal & State Grants	6,575.00
	\$ 15,003,628.80

**TOWNSHIP OF FRANKLIN
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Animal Control Fund:			
Cash	B-3	\$ 59,997.56	\$ 74,273.08
Change Fund	B	100.00	100.00
		<u>60,097.56</u>	<u>74,373.08</u>
Trust Funds - Other:			
Cash	B-3	1,688,636.54	1,238,279.74
Due from General Capital	C	84,557.78	-
		<u>1,773,194.32</u>	<u>1,238,279.74</u>
Municipal Open Space Trust Fund:			
Cash	B-3	599,634.22	638,090.42
Due from Current Fund	B	219,189.29	95,755.73
		<u>818,823.51</u>	<u>733,846.15</u>
Total Assets		<u>\$ 2,652,115.39</u>	<u>\$ 2,046,498.97</u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Due to State of New Jersey - Department of Health	B-4	\$ 19.20	\$ -
Due to Current Fund	B-5	11,139.76	28,143.20
Reserve for Animal Control Fund Expenditures	B-6	48,938.60	46,229.88
		<u>60,097.56</u>	<u>74,373.08</u>
Trust - Other Funds:			
Due to Current Fund	B-7	790,132.98	31,448.34
Micellaneous Trust Reserves	B-8	983,061.34	1,206,831.40
		<u>1,773,194.32</u>	<u>1,238,279.74</u>
Municipal Open Space Trust Fund:			
Appropriation Reserves	B-2	84,094.52	106,452.99
Reserve for Future Use	B-9	734,728.99	627,393.16
		<u>818,823.51</u>	<u>733,846.15</u>
Total Liabilites and Reserves		<u>\$ 2,652,115.39</u>	<u>\$ 2,046,498.97</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, 2019**

	BUDGET	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxation	\$ 123,175.27	\$ 123,433.56	\$ 258.29
Miscellaneous	-	624.55	624.55
Total Revenues	<u>\$ 123,175.27</u>	<u>\$ 124,058.11</u>	<u>\$ 882.84</u>

ANALYSIS OF REALIZED REVENUES

Amount to be Raised by Taxation:

Due From Current Fund:

Municipal Open Space Tax Levy	\$ 123,175.27
Added & Omitted Taxes	<u>258.29</u>
	<u>\$ 123,433.56</u>

Miscellaneous:

Interest Earnings	<u>\$ 624.55</u>
	<u>\$ 624.55</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, 2019**

	APPROPRIATIONS		EXPENDED			RESERVED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED		
Developments of Lands for Conservation:						
Salaries and Wages	\$ 1,000.00	\$ 1,000.00	\$ -	-	\$ 1,000.00	
Other Expenses	50,000.00	50,000.00	39,080.75	-	10,919.25	
Reserve for Future Use	72,175.27	72,175.27	-	-	72,175.27	
Total Operating	\$ 123,175.27	\$ 123,175.27	\$ 39,080.75	\$ -	\$ 84,094.52	

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Cash	C-1	\$ 157,829.40	\$ -
Deferred Charges to Future Taxation:			
Funded	C-3	6,175,000.00	7,160,000.00
Unfunded	C-4	3,281,833.00	3,281,833.00
Due from Current Fund	C-5	149,390.78	-
Grants Receivable	C-6	102,439.74	102,439.74
Due from Federal and State Grant Fund	C	72,108.90	17,534.50
		<u>\$ 9,938,601.82</u>	<u>\$ 10,561,807.24</u>
LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-7	\$ 6,175,000.00	\$ 7,160,000.00
Bond Anticipation Notes	C-8	3,158,000.00	-
Improvement Authorizations:			
Funded	C-9	200,430.08	242,609.50
Unfunded	C-9	138,095.59	233,077.40
Encumbrances Payable	C-11	9,585.37	505,378.37
Contracts Payable	C-10	-	2,827.25
Capital Improvement Fund	C-12	160,583.00	135,583.00
Reserve for Debt Service	C	12,350.00	-
Due to Current Fund	C-5	-	2,282,331.72
Due to Trust Other	B	84,557.78	-
		<u>\$ 9,938,601.82</u>	<u>\$ 10,561,807.24</u>

There were bonds and notes authorized but not issued on December 31, 2019 of \$123,833.00 and on December 31, 2018 of \$3,281,833.00.

TOWNSHIP OF FRANKLIN
STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP
- REGULATORY BASIS
DECEMBER 31, 2019 AND 2018

ASSETS	REFERENCE	<u>2019</u>	<u>2018</u>
General Fixed Assets:			
Land and Buildings	D	\$ 6,718,100.00	\$ 6,718,100.00
Vehicles	D	4,240,845.48	4,240,845.48
Machinery	D	<u>3,542,627.45</u>	<u>3,297,352.28</u>
		<u>\$ 14,501,572.93</u>	<u>\$ 14,256,297.76</u>
 Investment in General Fixed Assets	 D	 <u>\$ 14,501,572.93</u>	 <u>\$ 14,256,297.76</u>

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

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**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019

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 10th 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, 2019

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, 2019

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 10th 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 10th of the current year and due to be paid to the County by February 15th 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 31st.

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 31st 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, 2019

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.

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2019:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following effective dates have been updated to reflect the implementation of Statement No. 95.

Recently Issued Accounting Pronouncements

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

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management does not expect this Statement to have a material impact on the Township’s financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. This statement had no material impact on the Township's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact on the Township's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 91, Conduit Debt Obligations, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Township's financial statements.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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.

As of December 31, 2019, the Township's bank balance of \$5,393,501.07 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 2,957,933.32
Uninsured and Uncollateralized	<u>2,435,567.75</u>
	<u>\$ 5,393,501.07</u>

Investments

The Township had no investments as of December 31, 2019.

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>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 3.334</u>	<u>\$ 3.289</u>	<u>\$ 3.226</u>
Apportionment of Tax Rate:			
Municipal	0.623	0.626	0.627
Municipal Library	0.036	0.035	0.034
Municipal Open Space	0.010	0.010	0.010
County General	0.692	0.679	0.664
County Open Space	0.043	0.043	0.042
Local School	0.911	0.891	0.870
Regional School	1.019	1.005	0.979

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3. Property Taxes (continued):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 1,231,986,253.00
2018	1,231,752,737.00
2017	1,237,078,979.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 43,133,937.51	\$ 42,059,345.17	97.50%
2018	42,667,904.57	41,884,978.11	98.16%
2017	41,888,108.63	41,424,739.52	98.89%

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>
2019	\$ 1,026,722.78	\$ 917,162.64	\$ 1,943,885.42	4.51%
2018	887,764.40	486,248.99	1,374,013.39	3.22%
2017	1,174,956.04	43,869.53	1,218,825.57	2.91%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2019	143
2018	147
2017	147

The last tax sale was held on December 19, 2019.

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:

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 4. Property Acquired By Tax Title Lien Liquidation (continued):

<u>Year</u>	<u>Amount</u>
2019	\$ 1,695,727.51
2018	1,811,900.00
2017	1,811,900.00

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 December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2019	\$ 846,307.88	\$ 650,000.00	76.80%
2018	798,046.49	28,269.94	3.54%
2017	2,326,768.49	1,617,941.00	69.54%

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, 2019:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 801,272.74	\$ 715,420.78
State and Federal Grant Fund	346,840.71	72,108.90
Animal Control Trust	-	11,139.76
Trust Other Fund	84,557.78	790,132.98
Open Space Trust Fund	219,189.29	-
General Capital Fund	221,499.68	84,557.78
	<u>\$1,673,360.20</u>	<u>\$ 1,673,360.20</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, 2019**

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

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 17,003.44	\$ 347,229.65
State and Federal Grant Fund	80,845.60	-
Animal Control Trust	-	17,003.44
Trust Other Fund	<u>266,384.05</u>	<u>-</u>
	<u>\$ 364,233.09</u>	<u>\$ 364,233.09</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, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 6,718,100.00	\$ -	\$ -	\$ 6,718,100.00
Buildings and Improvements	4,240,845.48	-	-	4,240,845.48
Machinery & Equipment	<u>3,297,352.28</u>	<u>245,275.17</u>	-	<u>3,542,627.45</u>
	<u>\$ 14,256,297.76</u>	<u>\$ 245,275.17</u>	<u>\$ -</u>	<u>\$ 14,501,572.93</u>

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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.state.nj.us/treasury/pensions/annual-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.

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 1/55th 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 1/60th 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 and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Township's contractually required contribution to PERS plan was \$265,225.00.

Components of Net Pension Liability - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$4,913,052.00. The net pension liability was measured as of June 30, 2019. 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, 2018, which was rolled forward to June 30, 2019. 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, 2019. The Township's proportion measured as of June 30, 2019, was 0.0272667336% which was an increase of 0.0043395936% from its proportion measured as of June 30, 2018.

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 1,849,775	\$ 1,448,937
Deferred Inflows of Resources	1,922,461	1,790,277
Net Pension Liability	4,913,052	4,514,240
Township's portion of the Plan's total Net Pension Liability	0.02727%	0.02293%

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2019, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$395,383.00. 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 \$265,225.00 to the plan in 2019.

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 88,183	\$ 21,704
Changes of Assumptions	490,586	1,705,305
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	77,554
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,271,006	117,898
	\$ 1,849,775	\$ 1,922,461

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

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected 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	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
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
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

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:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ 27,665
2021	138,660
2022	(333,428)
2023	74,604
2024	<u>19,813</u>
	<u>\$ (72,686)</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		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	2.00 - 6.00%	Based on Years of Service
Thereafter	3.00 - 7.00%	Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based		July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

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.

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 (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 6,249,156	\$ 4,913,052	\$ 3,850,174

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.state.nj.us/treasury/pensions/annual-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

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.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. 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 2019, 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, 2019, the Township's contractually required contributions to PFRS plan was \$673,765.00.

Net Pension Liability and Pension Expense - At December 31, 2019 the Township's proportionate share of the PFRS net pension liability was \$8,162,882.00. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The Township's proportion measured as of June 30, 2019, was 0.0667021020%, which was an increase of 0.0140381216% from its proportion measured as of June 30, 2018.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

Balances at December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 2,412,299	\$ 1,093,163
Deferred Inflows of Resources	2,988,248	2,194,143
Net Pension Liability	8,162,882	7,126,305
Township's portion of the Plan's total net pension Liability	0.06670%	0.05266%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2019, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2019 measurement date was \$1,185,311.00. 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 \$673,765.00 to the plan in 2019.

At December 31, 2019, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 68,905	\$ 51,681
Changes of Assumptions	279,705	2,638,169
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	110,604
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>2,063,689</u>	<u>187,794</u>
	<u>\$ 2,412,299</u>	<u>\$ 2,988,248</u>

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

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected 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	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
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
June 30, 2018	-	5.73
June 30, 2019	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

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

Year Ending		
<u>Dec 31,</u>	<u>Amount</u>	
2020	\$	(129,866)
2021		(236,485)
2022		(129,941)
2023		(263,230)
2024		<u>183,573</u>
	<u>\$</u>	<u>(575,949)</u>

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 \$1,288,925.00 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019 was 0.0667021020%, which was an increase of 0.0140381216% from its proportion measured as of June 30, 2018, which is the same proportion as the Township’s. At December 31, 2019, 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	\$	8,162,882
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township		<u>1,288,935</u>
	<u>\$</u>	<u>9,451,817</u>

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

At December 31, 2019, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$149,764.00.

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		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through all future years		3.25 - 15.25%
		Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
	PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
	PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 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 (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9. Pension Obligations (continued):

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

	1% Decrease <u>(5.85%)</u>	Current Discount Rate <u>(6.85%)</u>	1% Increase <u>(7.85%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 11,033,242	\$ 8,162,882	\$ 5,787,246
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,742,170	1,288,935	913,817
	\$ 12,775,412	\$ 9,451,817	\$ 6,701,063

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

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>2019</u>	<u>2018</u>	<u>2017</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,333,000.00	\$ 7,160,000.00	\$ 9,081,000.00
Total Debt Issued	9,333,000.00	7,160,000.00	9,081,000.00
Authorized but not issued:			
General:			
Bonds, Notes and Loans	123,833.00	3,281,833.00	123,500.00
Total Authorized But Not Issued	123,833.00	3,281,833.00	123,500.00
Total Gross Debt	\$ 9,456,833.00	\$ 10,441,833.00	\$ 9,204,500.00
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	12,350.00	-	-
Total Deductions	12,350.00	-	-
Total Net Debt	\$ 9,444,483.00	\$ 10,441,833.00	\$ 9,204,500.00

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10. Municipal Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,522,000.00	\$ 1,522,000.00	\$ -
Regional School Debt	7,252,251.14	7,252,251.14	-
General Debt	9,456,833.00	12,350.00	9,444,483.00
	<u>\$ 18,231,084.14</u>	<u>\$ 8,786,601.14</u>	<u>\$ 9,444,483.00</u>

Net Debt \$9,444,483.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,317,676,320.00, equals 0.717%. 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, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 46,118,671.20
Net Debt	9,444,483.00
Remaining Borrowing Power	\$ 36,674,188.20

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 are as follows:

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10. Municipal Debt (continued):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	550,000.00	81,125.00	631,125.00
2024	500,000.00	70,625.00	570,625.00
2025-2029	2,500,000.00	178,437.50	2,678,437.50
	<u>\$ 6,175,000.00</u>	<u>\$ 674,987.50</u>	<u>\$ 6,849,987.50</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had the following Bond Anticipation Notes Payable as of December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Series 2019 A	7/18/2019	7/17/2020	2.000%	<u>\$ 3,158,000.00</u>
				<u>\$ 3,158,000.00</u>

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2019, the Township had \$123,833.00 in various General Capital bonds and notes authorized but not issued.

D. Capital Lease Payable

The Township is leasing certain equipment under capital leases. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments as of December 31, 2019:

<u>Year Ending December 31,</u>	
2020	\$ 45,219.08
2021	45,219.08
2022	45,219.08
2023	<u>45,219.08</u>
Total Minimum Lease Payments	180,876.32
Less: Amount Representing Interest	<u>(25,964.87)</u>
Present Value of Minimum Lease Payments	<u>\$ 154,911.45</u>

E. Tax Anticipation Notes Payable

On August 27, 2019, the Township issued tax anticipation notes pursuant to N.J.S.A. 40A:4-64. The notes were issued for a total of \$3,500,000.00, at an interest rate of 2.5%, and matured on October 31, 2019.

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019 was \$971,434.39.

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

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 13. Risk Management (continued):

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, 2018, 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.

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, 2019, 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, 2019.

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 15. Postemployment Benefits Other Than Pensions – State Plan

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

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

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 15. Postemployment Benefits Other Than Pensions – State Plan (continued):

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,525,718,739.00 and \$6,213,844,492.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$7,228,745.00 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Township was based

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 15. Postemployment Benefits Other Than Pensions – State Plan (continued):

on a projection of the Township’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2019 was 0.1308199954%, which was a decrease of 0.0134649961% from its proportion measured as of June 30, 2018, which is the same proportion as the Township’s. At December 31, 2019, the Township’s and the State of New Jersey’s proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 7,228,745.00

At December 31, 2019, the State’s proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$95,819.00.

Note 16. Postemployment Benefits Other Than Pensions – Local Plan

General Information about the OPEB Plan

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

The Township of Franklin provides post-employment medical, prescription drug and dental benefits to eligible retired employees and their spouses until Medicare age is attained by either the retired employee or the spouse in the case of spousal coverage. At that time, Medicare is primary and the Township provides supplementary medical insurance.

Employees and Retirees Covered – At December 31, 2018, the following employees were covered by the Township plan:

Participant Data	As of <u>12/31/2018</u>
<u>Active Employees</u>	
Total	5
Average Age	44.0
Average Service	14.0
<u>Retired Employees</u>	
Retirees	7
Spouses	<u>6</u>
Total	13
Average Age	57.0

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 16. Postemployment Benefits Other Than Pensions – Local Plan (continued):

Actuarial Assumptions and Other Inputs

This valuation has been conducted as of December 31, 2018 based on census, plan design and premium information provided by the Township. Census includes 7 retired participants (including spouses) and 5 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year. Thus, the Total OPEB Liability for fiscal year ending December 31, 2018 of \$5,891,677 is measured at December 31, 2017 as allowed under GASB 75.

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates. The following assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age Normal as a level percentage of pay
Discount Rate	Based on S&P Municipal Bond 20 Year High Grade Index 3.64% as of December 31, 2018 (measured at December 31, 2017).
Health Care Cost Inflation	Increase an annual rate of 7% for Pre-Medicare medical benefits and 5% for Post Medicare medical benefits.
Rates of Mortality	RP-2000 Combined Mortality Table
Rates of Turnover	Ultimate termination rates vary by age
Rates of Retirement	Annual rates varying by age
Rates of Disability	None assumed
Spouse Assumption	Marrital status is assumed not to change prior to or after retirement
Funding Policy	Pay as you go
Investment Rate of Return	Not applicable
Asset Valuation Method	Not applicable

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2018, the discount rate utilized was 3.64%.

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending December 31, 2018 were as follows:

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 16. Postemployment Benefits Other Than Pensions – Local Plan (continued):

Changes in the Total OPEB Liability

Total OPEB Liability

Balance, January 1, 2018	\$	6,817,285
Changes for the Year:		
Service Cost		168,790
Interest Cost		245,839
Changes of Assumptions		(741,140)
Difference between Actual and Expected		(472,141)
Benefits Paid (implicit)		(126,956)
Net Changes		(925,608)
Balance, December 31, 2018	\$	5,891,677

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage pointer higher (4.64 percent) that the current discount rate:

	December 31, 2018		
	At 1% Decrease (2.64%)	At Discount Rate (3.64%)	At 1% Increase (4.64%)
Total OPEB Liability	\$ 6,904,927.00	\$ 5,891,677.00	\$ 5,084,517.00

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be, if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage pointer higher that the current healthcare cost trend rate:

	December 31, 2018		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
Total OPEB Liability	\$ 5,039,033.00	\$ 5,891,677.00	\$ 6,967,497.00

* See Healthcare Cost Trend Assumptions for details of rates.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township's OPEB expense was estimated to be \$101,656. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 16. Postemployment Benefits Other Than Pensions – Local Plan (continued):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or other inputs	<u>741,440</u>	<u>-</u>
Total	<u>\$ 741,440</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>		
2019	\$	(148,288)
2020		(148,288)
2021		(148,288)
2022		(148,288)
Thereafter		<u>(148,288)</u>
	<u>\$</u>	<u>(741,440)</u>

Other Supplementary Information

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service Cost	\$ 168,790	\$ 146,878	N/A
Interest Cost	245,839	189,797	
Changes of Assumptions	(741,140)	1,633,714	
Difference between Actual and Expected	(472,141)	(1,213,385)	
Change in Method	-	275,975	
Benefits Paid (implicit)	<u>(126,956)</u>	<u>(147,960)</u>	
Net Change in Total OPEB Liability	(925,608)	885,018	
Total OPEB Liability (Beginning)	<u>6,817,283</u>	<u>5,932,265</u>	
Total OPEB Liability (Ending)	<u>\$ 5,891,675</u>	<u>\$ 6,817,283</u>	

**TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 17. Deferred Charges

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2019</u>	2020 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Overexpenditure of Appropriations	\$ 101,786.89	\$ 101,786.89	\$ -
Operating Deficit	52,713.60	52,713.60	-
Overexpenditure of Appropriation Reserves	6,186.00	6,186.00	-
Federal & State Grant Fund			
Overexpenditure of Appropriations	\$ 297,495.33	\$ 297,495.33	\$ -

Note 18. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and November 4, 2020, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. Other than the following, no items have come to the attention of the Township that would require disclosure.

COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy by way of executive orders, has ordered, among other things: all State residents to remain home or at their place of residence unless they meet one or more enumerated exceptions; all State residents to practice social distancing; gatherings of individuals, such as parties, celebrations and social events, are cancelled; non-essential businesses to cease operations from 8:00 p.m. to 5:00 a.m.; all restaurants and bars to close except for delivery or takeout services; casinos, racetracks, gyms and fitness centers and entertainment centers to close; all county and municipal libraries to close; all business and non-profits to accommodate telework or work-from-home arrangements; the cessation of all non-essential construction projects; an extension of insurance premium grace periods; all Pre-K through 12 schools to close; all universities and colleges in the State to cease in-person instruction; The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread of and impacts of COVID-19.

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 18. Subsequent Events (continued):

The Township cannot reasonably predict how long the outbreak may impact the financial condition or operations of the Township, whether there will be any impact on the assessed values of property within the Township or the deferral of tax payments to the Township or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Township.

On March 24, 2020, the Division of Local Government Services in the New Jersey Department of Community Affairs extended the date for introduction of municipal budgets to April 28, 2020 (or the next regularly scheduled governing body meeting thereafter) and the date for municipal budget adoption to May 30, 2020 (or the next regularly scheduled governing body meeting thereafter). The New Jersey Legislature is considering legislation that, if enacted, would permit the extension of any additional deadlines under the Local Budget Law, the Local Fiscal Affairs Law and the laws with respect to the issuance of tax bills. Such proposed legislation would also permit municipalities to institute an extended grace period for the receipt of property tax payments and to extend the dates for the payment of taxes by a municipality due to a county, a school district or any other taxing district. A proposed amendment to such proposed legislation would also provide that any shortfall in the property tax payments received by the municipality would be borne *pro rata* by the municipality, the county and the school district(s). There can be no assurance that this legislation, or any other actions, will be enacted by the New Jersey Legislature. The Township does not plan to issue any updates or revisions regarding this legislation, or any other actions enacted by the New Jersey Legislature, if or when such legislation or other actions are enacted.

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	877,099.49
Increased by Receipts:		
Taxes Receivable	\$	42,026,928.03
Prepaid Taxes		385,826.61
Tax Title Liens		68,937.27
Due From State of New Jersey - Senior Citizen & Veteran Deductions		151,304.11
Revenue Accounts Receivable		4,190,110.51
Miscellaneous Revenue Not Anticipated		166,011.21
Tax Anticipation Notes		3,500,000.00
Refund of Prior Year Expenditures		79,983.85
Due Federal & State Grants Fund		512,397.92
Due Animal Control Trust Fund		27,147.40
Due Trust - Other Funds		782,551.30
Due from General Capital Fund		2,986,517.58
Due from State - DCA Fees		19,806.00
Due from State - Marriage Licenses		1,325.00
Due Library		268,935.21
Due from Borough of Newfield		648.44
		<u>55,168,430.44</u>
Subtotal		<u>56,045,529.93</u>
Decreased by Disbursements:		
2019 Budget Appropriations	12,953,811.81	
2018 Appropriations Reserves	333,782.30	
County Taxes Payable	9,085,780.84	
Local District School Tax	11,073,460.00	
Regional District School Tax	12,545,502.87	
Special District Tax	1,963,529.25	
Tax Overpayments	37,060.83	
Tax Anticipation Notes	3,500,000.00	
Due to State - DCA Fees	16,354.00	
Due to State - Marriage Licenses	2,075.00	
Due Federal & State Grants Fund	307,774.65	
Due Trust - Other Funds	799,116.26	
Transfer to General Capital Fund	579,141.33	
Due Library	289,156.33	
		<u>53,486,545.47</u>
Balance December 31, 2019	\$	<u><u>2,558,984.46</u></u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Tax Office	\$	150.00
Construction Code Office		100.00
Municipal Court		<u>100.00</u>
Balance December 31, 2019	\$	<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, 2019**

Balance December 31, 2018		\$	6,748.22
Increased by:			
Deductions per Tax Billing:			
Senior Citizens	\$		47,000.00
Veterans			117,250.00
Deductions Allowed by Collector - 2019 Taxes			1,625.00
Deductions Allowed by Collector - Prior Years			125.00
			166,000.00
Subtotal			172,748.22
Decreased by:			
Received from State of New Jersey			151,304.11
Deductions Disallowed by Tax Collector - 2019 Taxes			4,250.00
Deductions Disallowed by Tax Collector - Prior Years			9,039.73
			164,593.84
Balance December 31, 2019		\$	8,154.38

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2019**

YEAR	BALANCE DECEMBER 31, 2018	2019 LEVY	ADDED TAXES	2018	2019	COLLECTED	DUE FROM STATE OF NEW JERSEY	TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2019
Arrears	\$ 8,391.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,391.79
2017	8,694.85	-	-	-	2,001.46	(500.00)	-	-	-	7,193.39
2018	469,162.35	-	-	-	455,223.82	(8,539.73)	881.88	500.00	500.00	21,096.38
Total	486,248.99	-	-	-	457,225.28	(9,039.73)	881.88	500.00	500.00	36,681.56
2019	-	43,048,059.20	85,878.31	453,339.96	41,444,380.21	161,625.00	207,013.23	(12,901.97)		880,481.08
Total	\$ 486,248.99	\$ 43,048,059.20	\$ 85,878.31	\$ 453,339.96	\$ 41,901,605.49	\$ 152,585.27	\$ 207,895.11	\$ (12,401.97)		\$ 917,162.64

Cash Receipts	\$ 42,026,928.03
Tax Overpayments Created	(125,322.54)
	<u>\$ 41,901,605.49</u>

ANALYSIS OF 2019 PROPERTY TAX LEVY

General Purpose Tax	\$ 43,048,059.20
Added & Omitted Taxes (54:4-6 et seq)	<u>85,878.31</u>
Total	<u>\$ 43,133,937.51</u>
TAX LEVY:	
Local District School Tax	\$ 11,223,197.00
Regional High School Tax	12,543,152.00
County Taxes	9,065,054.34
Municipal Open Space	123,433.56
Special District Taxes	1,970,616.00
Local Tax for Municipal Purposes	\$ 8,127,227.45
Add: Additional Taxes Levied	<u>81,257.16</u>
Total	<u>\$ 43,133,937.51</u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 887,764.94
Increased by:	
Transfers from 2019 Taxes Receivable	<u>207,895.11</u>
Subtotal	1,095,660.05
Decreased by:	
Collections	<u>68,937.27</u>
Balance December 31, 2019	<u><u>\$ 1,026,722.78</u></u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (ASSESSED VALUATION)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 1,811,900.00
Decreased by:	
Sale of Foreclosed Properties	\$ 97,102.00
Loss on Sale of Properties	<u>19,070.49</u>
	<u>116,172.49</u>
Balance December 31, 2019 and 2018	<u><u>\$ 1,695,727.51</u></u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ACCRUED IN 2019	COLLECTED	BALANCE DECEMBER 31, 2019
Revenue Accounts Receivable:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 37,390.32	\$ 37,390.32	\$ -
Other	-	4,710.00	4,710.00	-
Fees & Permits	-	63,100.71	63,100.71	-
Fines & Costs - Municipal Court	20,601.48	256,137.12	254,352.15	22,386.45
Interest & Costs on Taxes	-	182,654.41	182,654.41	-
Interest on Investments & Deposits	-	18,151.69	18,151.69	-
Housing Inspection Fees	-	557,021.00	557,021.00	-
Cable Television and Franchise Fees	-	67,823.56	67,823.56	-
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	-	213,369.00	213,369.00	-
Township of Buena - Joint Municipal Court	-	80,000.00	80,000.00	-
Borough of Newfield - Police Services	-	456,250.00	456,250.00	-
Medical Service Billing	-	787,500.00	787,500.00	-
Uniform Fire Safety Act	-	16,083.67	16,083.67	-
	<u>\$ 20,601.48</u>	<u>\$ 4,191,895.48</u>	<u>\$ 4,190,110.51</u>	<u>\$ 22,386.45</u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
N.J.S. 40A:4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2019**

PURPOSE	BALANCE DECEMBER 31, 2018	ADDED IN 2019	RAISED IN 2019 BUDGET	BALANCE DECEMBER 31, 2019
Overexpenditure of Appropriations	\$ 89,219.00	\$ 101,786.89	\$ 89,219.00	\$ 101,786.89
Deficit in Operations	1,480,077.29	-	1,427,363.69	52,713.60
Overexpenditure of Appropriation Reserves	617.45	5,568.55	-	6,186.00
Total	\$ 1,569,913.74	\$ 107,355.44	\$ 1,516,582.69	\$ 160,686.49

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
Overpayments - Created in Current Year		<u>125,322.54</u>
Subtotal		125,322.54
Decreased by:		
Overpayments Cancelled	\$ 88,125.33	
Cash Disbursements - Refunds	<u>37,060.83</u>	
		<u>125,186.16</u>
Balance December 31, 2019		<u><u>\$ 136.38</u></u>

**STATEMENT OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 453,339.96
Increased by:		
Prepaid Tax Collections		<u>385,826.61</u>
Subtotal		839,166.57
Decreased by:		
Application to 2019 Taxes		<u>453,339.96</u>
Balance December 31, 2019		<u><u>\$ 385,826.61</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2018 ENCUMBRANCE <u>PAYABLE</u>	2018 RESERVE <u>BALANCE</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>	OVER- <u>EXPENDITURE</u>
General Government:						
General Administration:						
Salaries and Wages	\$ -	\$ 623.66	\$ 623.66	\$ -	\$ 623.66	\$ -
Other Expenses	1,894.00	2,100.88	3,994.88	1,705.70	2,289.18	-
Mayor and Council:						
Salaries and Wages	-	166.83	166.83	-	166.83	-
Other Expenses	-	3.30	3.30	-	3.30	-
Municipal Clerk:						
Salaries and Wages	-	5,349.26	5,349.26	-	5,349.26	-
Other Expenses	1,215.34	6,138.84	7,354.18	3,152.09	4,202.09	-
Financial Administration (Treasury):						
Salaries and Wages	-	3,832.90	3,832.90	-	3,832.90	-
Other Expenses	130.00	3,939.64	4,069.64	2,166.42	1,903.22	-
Centralized Computerized Data Processing						
Other Expenses	-	1,486.04	1,486.04	1,449.75	36.29	-
Revenue Administration - Collection of Taxes:						
Salaries and Wages	-	552.00	552.00	-	552.00	-
Other Expenses	-	15,440.95	15,440.95	321.00	15,119.95	-
Legal Services and Costs:						
Other Expenses	-	3,930.51	3,930.51	7,796.95	-	3,866.44
Engineering Services:						
Other Expenses	13,705.75	1,184.97	14,890.72	8,570.00	6,320.72	-
Historical Commission:						
Salaries and Wages	-	450.00	450.00	-	450.00	-
Other Expenses	-	1,000.00	1,000.00	-	1,000.00	-
Economic Development:						
Salaries and Wages	-	1,000.00	1,000.00	-	1,000.00	-
Other Expenses	-	5,000.00	5,000.00	-	5,000.00	-
Construction Official:						
Salaries and Wages	-	281.38	281.38	-	281.38	-
Other Expenses	-	556.28	556.28	-	556.28	-
Department of Law:						
Other Expenses	-	1,221.00	1,221.00	-	1,221.00	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	-	58.00	58.00	-	58.00	-
Other Expenses	-	595.38	595.38	100.00	495.38	-
Zoning Board of Adjustment:						
Salaries and Wages	-	245.36	245.36	-	245.36	-
Other Expenses	-	617.65	617.65	-	617.65	-
Other Code Enforcement Functions:						
Other Expenses	-	2.38	2.38	-	2.38	-
Public Safety Functions:						
Police:						
Salaries and Wages	-	7,685.49	7,685.49	-	7,685.49	-
Other Expenses	27,469.17	42,486.85	69,956.02	53,098.41	16,857.61	-
Office of Emergency Management:						
Salaries and Wages	-	2,000.00	2,000.00	-	2,000.00	-
Other Expenses	-	221.50	221.50	-	221.50	-
Uniform Fire Safety and Inspection Act:						
Salaries and Wages	-	855.22	855.22	-	855.22	-
Other Expenses	-	1,053.32	1,053.32	192.00	861.32	-
Prosecutor's Office:						
Salaries and Wages	-	513.84	513.84	-	513.84	-
Roads Repairs & Maintenance:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	946.65	8,760.11	9,706.76	9,428.83	277.93	-

TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2018 ENCUMBRANCE <u>PAYABLE</u>	2018 RESERVE <u>BALANCE</u>	BALANCE AFTER <u>TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>	OVER- <u>EXPENDITURE</u>
Solid Waste Collection:						
Salaries and Wages		1,895.73	1,895.73	-	1,895.73	-
Other Expenses	5,600.00	67.74	5,667.74	-	5,667.74	-
Public Buildings & Grounds:						
Other Expenses	749.75	71.60	821.35	749.75	71.60	-
Recreation Services and Programs:						
Salaries and Wages	-	1,250.00	1,250.00	-	1,250.00	-
Other Expenses	-	2,189.60	2,189.60	756.00	1,433.60	-
Community Center:						
Salaries and Wages	-	134.91	134.91	-	134.91	-
Other Expenses	-	88.34	88.34	-	88.34	-
Vehicle Maintenance:						
Other Expenses	28,257.54	5,317.05	33,574.59	31,721.05	1,853.54	-
Health & Human Services:						
Public Health Services:						
Salaries and Wages	-	143.02	143.02	-	143.02	-
Other Expenses	-	882.69	882.69	610.38	272.31	-
Environmental Health Committee (N.J.S.A. 40:56A-1)						
Salaries and Wages	-	250.00	250.00	-	250.00	-
Other Expenses	-	1,774.97	1,774.97	-	1,774.97	-
Insurance:						
Liability Insurance	-	2,951.20	2,951.20	-	2,951.20	-
Worker's Compensation	-	748.48	748.48	-	748.48	-
Health Waiver Benefit	-	6,300.00	6,300.00	-	6,300.00	-
Group Insurance for Employees	-	3,831.40	3,831.40	-	3,831.40	-
Other Common Operating Functions (Unclassified):						
Celebration of Public Events, Anniv. or Holiday						
Other Expenses	-	431.69	431.69	-	431.69	-
Cable Television Commission:						
Salaries and Wages	-	438.28	438.28	-	438.28	-
Other Expenses	-	2,085.03	2,085.03	-	2,085.03	-
Maintenance of Parks:						
Other Expenses	537.86	252.17	790.03	839.98	-	49.95
Agricultural Board:						
Other Expenses	-	100.00	100.00	-	100.00	-
Municipal Court Functions:						
Municipal Court:						
Salaries and Wages	-	4,424.24	4,424.24	-	4,424.24	-
Other Expenses	1,784.34	1,754.45	3,538.79	1,877.91	1,660.88	-
Public Defender (P.L. 1997, C 256):						
Salaries and Wages	-	407.92	407.92	-	407.92	-
Utility Expenses & Bulk Purchases:						
Electricity	3,725.35	10,559.11	14,284.46	14,225.10	59.36	-
Street Lighting	14,164.13	11,388.77	25,552.90	25,219.53	333.37	-
Telephone	784.76	3,346.27	4,131.03	3,998.52	132.51	-
Gas (Natural/Propane)	7,716.05	18,881.18	26,597.23	26,474.18	123.05	-
Fuel Oil	-	120.80	120.80	-	120.80	-
Gasoline	4,523.30	-	4,523.30	6,175.46	-	1,652.16
Landfill/Solid Waste Disposal:						
Other Expenses	17,595.06	49,831.11	67,426.17	42,996.22	24,429.95	-
Tax Sale Certificate Redemption	-	271.28	271.28	-	271.28	-
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":						
Contribution to:						
Public Employees Retirement System	-	24,489.24	24,489.24	-	24,489.24	-
Social Security System (O.A.S.I)	-	63,189.83	63,189.83	-	63,189.83	-
Unemployment Insurance	-	1,672.21	1,672.21	-	1,672.21	-
Defined Contribution Plan	-	236.21	236.21	-	236.21	-

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2018 ENCUMBRANCE PAYABLE	2018 RESERVE BALANCE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDITURE
OPERATIONS - EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library:						
Other Expenses	-	108,938.04	108,938.04	108,938.04	-	-
Joint Municipal Court - Township of Buena						
Other Expenses	-	10,000.00	10,000.00	400.00	9,600.00	
Police Services - Borough of Newfield						
Other Expenses	-	104.65	104.65	-	104.65	-
Police Services - Township of Buena						
Other Expenses	-	51,201.19	51,201.19	2,425.36	48,775.83	-
Capital Improvement Fund	1,712.73	-	1,712.73	1,712.73	-	
Total	\$ 132,511.78	\$ 511,373.94	\$ 643,885.72	\$ 357,101.36	\$ 292,352.91	\$ 5,568.55

Cash Disbursements	\$ 333,782.30
Accounts Payable	<u>23,319.06</u>
	<u>\$ 357,101.36</u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 39,648.42
2019 Levy:		
County General	\$ 8,521,157.90	
County Open Spaces Taxes	524,974.52	
County Share of 2019 Added & Omitted Tax Levy	<u>18,921.92</u>	
		<u>9,065,054.34</u>
Subtotal		9,104,702.76
Decreased by:		
Disbursements		<u>9,085,780.84</u>
Balance December 31, 2019		<u><u>\$ 18,921.92</u></u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 120,474.98
Increased by:	
2019 Levy (Calender Year)	<u>11,223,197.00</u>
Subtotal	11,343,671.98
Decreased by:	
Disbursements	<u>11,073,460.00</u>
Balance December 31, 2019	<u><u>\$ 270,211.98</u></u>

**STATEMENT OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 206,015.40
Increased by:	
2019 Levy (Calender Year)	<u>12,543,152.00</u>
Subtotal	12,749,167.40
Decreased by:	
Disbursements	<u>12,545,502.87</u>
Balance December 31, 2019	<u><u>\$ 203,664.53</u></u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
2019 Levy (Calender Year):		
Municipal Open Space Taxes	\$ 123,175.27	
Added & Omitted Taxes	<u>258.29</u>	
		<u>123,433.56</u>
Subtotal		123,433.56
Decreased by:		
Due to Municipal Open Space Trust Fund		<u>123,433.56</u>
Balance December 31, 2019		<u><u>\$ -</u></u>

**STATEMENT OF SPECIAL DISTRICT TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
2019 Levy (Calender Year)		<u>1,970,616.00</u>
Subtotal		1,970,616.00
Decreased by:		
Disbursements		<u>1,963,529.25</u>
Balance December 31, 2019		<u><u>\$ 7,086.75</u></u>

Analysis of Balance

Fire District #1		\$ 414.00
Fire District #2		3,723.00
Fire District #3		374.50
Fire District #4		525.25
Fire District #5		<u>2,050.00</u>
		<u><u>\$ 7,086.75</u></u>

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF DUE TO STATE - DCA FEES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	4,212.00
Increased by:		
Fees Collected		19,806.00
Subtotal		24,018.00
Decreased by:		
Disbursements		16,354.00
Balance December 31, 2019	\$	7,664.00

**STATEMENT OF DUE TO STATE - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	750.00
Increased by:		
Fees Collected		1,325.00
Subtotal		2,075.00
Decreased by:		
Disbursements		2,075.00
Balance December 31, 2019	\$	-

**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF RESERVE FOR SENIOR CITIZENS ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 and 2018	<u><u>\$ 1,969.83</u></u>
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**STATEMENT OF RESERVE FOR PERFORMANCE BONDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 and 2018	<u><u>\$ 4,740.00</u></u>
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**TOWNSHIP OF FRANKLIN
CURRENT FUND
STATEMENT OF RESERVE FOR DEPOSITS FOR SALE OF LAND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 and 2018 \$ 3,650.00

**STATEMENT OF RESERVE FOR MASTER PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 and 2018 \$ 15,159.42

**TOWNSHIP OF FRANKLIN
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 29,057.66
Increased by:		
Cash Disbursements	<u>\$ 289,156.33</u>	<u>289,156.33</u>
Subtotal		318,213.99
Decreased by:		
Cash Receipts		<u>268,935.21</u>
Balance December 31, 2019		<u><u>\$ 49,278.78</u></u>

**TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
STATEMENT OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 87,643.04
Increased by:		
Grant Receipts Deposited into Current Fund - Grants Receivable	\$ 133,943.14	
Grant Receipts Deposited into Current Fund - Unappropriated	378,454.78	
Expenditures Paid by General Capital Fund	<u>54,574.40</u>	
		<u>566,972.32</u>
		654,615.36
Decreased by:		
Grant Fund Expenditures Disbursed by Current Fund		<u>307,774.65</u>
Balance December 31, 2019		<u><u>\$ 346,840.71</u></u>

**TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ANTICIPATED REVENUE	CASH RECEIVED	TRANSFERRED FROM UNAPPROPRIATED	BALANCE DECEMBER 31, 2019
Federal Grants:					
Bulletproof Vest Fund	\$ 7,611.89	\$ -	\$ -	\$ -	\$ 7,611.89
Community Development Block Grant:	995.30	-	-	-	995.30
New Jersey Avenue and Maple Avenue Road Project	50,000.00	-	-	-	50,000.00
Total Federal Grants	58,607.19	-	-	-	58,607.19
State Grants:					
New Jersey Department of Transportation Fund:					
Reconstruction of Grant Avenue	82.26	-	-	-	82.26
Reconstruction of Weymouth Road - Phase III	227,458.39	-	-	-	227,458.39
Dutch Mill Road	98,706.05	-	98,706.05	-	-
Municipal Alliance for Drug and Alcohol Abuse	39,098.90	-	27,891.50	-	11,207.40
Clean Communities Grant	773.59	-	773.59	-	-
Emergency Management Assistance Program	5,000.00	-	-	-	5,000.00
Gloucester County Improvement Authority	500.00	-	-	-	500.00
Total State Grants	371,619.19	-	127,371.14	-	244,248.05
Other Grants					
ANJEC Grant - Environmental Commission	1,500.00	-	-	-	1,500.00
JIF Safety Incentive Program	182.32	4,075.00	4,075.00	-	182.32
JIF Cyber Security Program	281.05	2,500.00	2,497.00	-	284.05
Total Other Grants	1,963.37	6,575.00	6,572.00	-	1,966.37
Total	\$ 432,189.75	\$ 6,575.00	\$ 133,943.14	\$ -	\$ 304,821.61

**TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	TRANSFERRED FROM 2018 BUDGET	PRIOR YEAR ENCUMBRANCES	EXPENDED	ENCUMBERED	BALANCE DECEMBER 31, 2019	OVER - EXPENDITURE
Federal Grants:							
Bulletproof Vest Fund	\$ 3,767.77	\$ -	\$ -	\$ -	\$ -	\$ 3,767.77	-
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	-
Total Federal Grants	57,897.75	-	-	-	-	57,897.75	-
State Grants:							
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	-	-	-	237,655.57	-	-	237,655.57
Municipal Alliance for Drug and Alcohol Abuse	10,628.28	-	300.00	30,732.61	2,691.00	-	22,495.33
Alcohol Education and Rehabilitation	1,829.72	-	-	-	-	1,829.72	-
Clean Communities Grant	121,741.20	-	-	28,953.69	11,739.59	81,047.92	-
Recycling Tonnage Grant	93,808.03	-	-	1,538.94	100.00	92,169.09	-
Drunk Driving Enforcement Fund	1,066.43	-	-	-	-	1,066.43	-
Emergency Management Assistance	2,550.64	-	-	-	-	2,550.64	-
Total State Grants	462,544.95	-	300.00	298,880.81	14,530.59	409,584.45	260,150.90
Other Grants:							
ANJEC Grant - Environmental Commission	10,800.00	-	-	-	-	10,800.00	-
JIF Optional Safety Program	3,500.00	-	-	3,186.84	-	313.16	-
JIF Safety Incentive Program	680.55	4,075.00	-	1,000.00	-	3,755.55	-
JIF Cyber Security Program	97.15	2,500.00	960.00	3,457.00	-	100.15	-
JIF Wellness Program	1,250.00	-	-	1,250.00	-	-	-
Newfield Bank K9	1,612.32	-	-	-	-	1,612.32	-
Total Other Grants	17,940.02	6,575.00	960.00	8,893.84	-	16,581.18	-
Total	\$ 538,382.72	\$ 6,575.00	\$ 1,260.00	\$ 307,774.65	\$ 14,530.59	\$ 484,063.38	\$ 260,150.90

**TOWNSHIP OF FRANKLIN
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVES FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE DECEMBER 31, 2018	REALIZED AS REVENUE IN 2019 BUDGET	CASH RECEIVED	BALANCE DECEMBER 31, 2019
State Grants:				
Body Armor Grant - 2018	\$ -	\$ -	\$ 3,411.96	\$ 3,411.96
NJDOT	-	-	246,446.83	246,446.83
Clean Communities	-	-	49,765.72	49,765.72
Recycling Tonnage Grant - 2016	-	-	55,164.82	55,164.82
Recycling Tonnage Grant	-	-	19,278.61	19,278.61
Total State Grants	-	-	374,067.94	374,067.94
Other Grants:				
JIF Wellness Reimbursement	-	-	1,250.00	1,250.00
JIF Optional Safety	-	-	3,136.84	3,136.84
Total Other Grants	-	-	4,386.84	4,386.84
Total	\$ -	\$ -	\$ 378,454.78	\$ 378,454.78

TRUST FUND

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**TOWNSHIP OF FRANKLIN
TRUST FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

	ANIMAL CONTROL FUND	TRUST - OTHER	MUNICIPAL OPEN SPACE
Balance December 31, 2018	\$ 74,273.08	\$ 1,238,279.74	\$ 638,090.42
Increased by Receipts:			
Animal Control License Fees	\$ 24,142.20	-	-
Due to State of New Jersey - Department of Health	6,700.80	-	-
Due Current Fund	515.33	1,144,316.26	-
Miscellaneous Trust Reserves	-	8,649,246.12	-
Municipal Open Space - Revenue Realized	-	-	624.55
	31,358.33	9,793,562.38	624.55
Subtotal	105,631.41	11,031,842.12	638,714.97
Decreased by Disbursements:			
Reserve for Animal Control Fund Expenditures	11,804.85	-	-
Due to State of New Jersey - Department of Health	6,681.60	-	-
Due Current Fund	27,147.40	782,551.30	-
Due General Capital	-	84,557.78	-
Miscellaneous Trust Reserves	-	8,476,096.50	-
Municipal Open Space - Budget Appropriations	-	-	39,080.75
	45,633.85	9,343,205.58	39,080.75
Balance December 31, 2019	\$ 59,997.56	\$ 1,688,636.54	\$ 599,634.22

**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, 2019**

Balance December 31, 2018	\$	-
Increased by:		
2019 State License Fees Collected		<u>6,700.80</u>
Subtotal		6,700.80
Decreased by:		
Disbursements to State of New Jersey		<u>6,681.60</u>
Balance December 31, 2019	<u>\$</u>	<u>19.20</u>

**SCHEDULE OF DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	28,143.20
Increased by:		
Excess Funds Due to Current Fund		<u>10,220.63</u>
Subtotal		38,363.83
Decreased by:		
Receipts Due from Current Fund	\$	76.67
Interfund Returned to Current Fund		<u>27,147.40</u>
		27,224.07
Balance December 31, 2019	<u>\$</u>	<u>11,139.76</u>

**TOWNSHIP OF FRANKLIN
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 46,229.88
Increased by:		
Dog License Fees Collected	\$ 24,142.20	
Due from Current Fund	<u>592.00</u>	
		<u>24,734.20</u>
Subtotal		70,964.08
Decreased by:		
Expenditures Under R.S.4:19-15.11:		
Disbursed	11,804.85	
Statutory Excess Due Current Fund	<u>10,220.63</u>	
		<u>22,025.48</u>
Balance December 31, 2019		<u><u>\$ 48,938.60</u></u>

LICENSE FEES COLLECTED

2018	\$	25,783.20
2017		<u>23,155.40</u>
Total	\$	<u><u>48,938.60</u></u>

**TOWNSHIP OF FRANKLIN
TRUST FUND - OTHER
SCHEDULE OF DUE (TO)/FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	INCREASED BY DISBURSED TO CURRENT FUND	DECREASED BY DUE TO CURRENT RECEIPTS	BALANCE DECEMBER 31, 2019
Trust Other	\$ (7,020.00)	\$ 356,582.26	\$ 396,919.68	\$ (444,932.98)
Payroll Deductions Payable	5,711.53	-	-	-
Tax Premiums	219,700.00	2,783.38	-	(345,200.00)
Tax Collector	(249,839.87)	423,185.66	-	-
	<u>\$ (31,448.34)</u>	<u>\$ 782,551.30</u>	<u>\$ 396,919.68</u>	<u>\$ (790,132.98)</u>

Received from Current	\$ 799,116.26
Cash Receipts	<u>345,200.00</u>

\$ 1,144,316.26

**TOWNSHIP OF FRANKLIN
TRUST FUND - OTHER
SCHEDULE OF MISCELLANEOUS TRUST RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, <u>2018</u>	INCREASED BY <u>RECEIPTS</u>	DECREASED BY <u>DISBURSEMENTS</u>	BALANCE DECEMBER 31, <u>2019</u>
Ambulance Corportation	\$ 45,313.70	\$ -	\$ 45,313.70	\$ -
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	700.00	-	3,193.00
Municipal Alliance Grant	160.00	-	-	160.00
Payroll Deductions Payable	82,566.56	7,555,716.26	7,578,275.95	60,006.87
Performance Bond	119,372.01	598.23	103,169.64	16,800.60
P.O.A.A.	163.73	20.00	-	183.73
Police Canine Unit	6,980.40	7,070.00	9,449.61	4,600.79
Police Forfeited Funds	27,371.93	4,266.43	-	31,638.36
Public Defender	24,003.00	13,272.00	-	37,275.00
Recreation Commission	34,747.52	41,678.07	71,863.53	4,562.06
Senior Citizens	36,000.00	2,500.00	4,658.58	33,841.42
Site Plan Review Escrow	284,367.27	91,743.70	59,061.78	317,049.19
Tax Title Liens Redemptions	54,492.21	336,341.29	370,691.07	20,142.43
Tax Title Liens Premiums	427,800.00	118,000.00	317,300.00	228,500.00
Train Station Donations	2,731.53	-	-	2,731.53
Crime Stoppers	1,087.00	-	-	1,087.00
Police Outside Detail	47,665.13	447,175.39	297,598.32	197,242.20
Police Unity	8.00	26,442.13	14,475.00	11,975.13
Police Youth Week	376.31	-	-	376.31
Miscellaneous	-	3,719.00	-	3,719.00
Uniform Fire Dedicated Penalties	4,012.99	3.62	1,159.00	2,857.61
Total	\$ 1,206,831.40	\$ 8,649,246.12	\$ 8,873,016.18	\$ 983,061.34

**TOWNSHIP OF FRANKLIN
TRUST - MUNICIPAL OPEN SPACE FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 627,393.16
Increased by:		
2019 Revenue Realized	\$ 124,058.11	
Unexpended Balance of Appropriation Reserves	<u>106,452.99</u>	
		<u>230,511.10</u>
Subtotal		857,904.26
Decreased by:		
2019 Budget Appropriations		<u>123,175.27</u>
Balance December 31, 2019		<u><u>\$ 734,728.99</u></u>

GENERAL CAPITAL FUND

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**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ -
Increased by:		
Transfer from Trust Fund	\$ 84,557.78	
Interest	653.75	
Bond Anticipation Note Proceeds	3,158,000.00	
Bond Anticipation Note Premium	12,350.00	
Due to Current Fund	<u>579,141.33</u>	
		<u>3,834,702.86</u>
Subtotal		3,834,702.86
Decreased by:		
Payments made on behalf of Grant Fund	54,574.40	
Transfers to Current Fund	2,986,517.58	
Contracts Payable	2,827.25	
Improvement Authorizations	<u>632,954.23</u>	
		<u>3,676,873.46</u>
Balance December 31, 2019		<u><u>\$ 157,829.40</u></u>

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
ANALYSIS OF CASH AT DECEMBER 31, 2019**

ORDINANCE NUMBER	DESCRIPTION	BALANCE (DEFICIT) DECEMBER 31, 2018		RECEIPTS		DISBURSEMENTS		BALANCE (DEFICIT) DECEMBER 31, 2019		
				BOND ANTICIPATION NOTES	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	TRANSFERS FROM	TO	
	Capital Improvement Fund	\$ 135,583.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000.00	\$ 160,583.00	
	Grants Receivable	(102,439.74)	-	-	-	-	-	-	(102,439.74)	
	Due Current Fund	2,282,331.72	-	579,795.08	2,986,517.58	-	25,000.00	-	(149,390.78)	
	Contracts Payable	2,827.25	-	-	2,827.25	-	-	-	-	
	Due To Federal and State Grant	(17,534.50)	-	-	54,574.40	-	-	-	(72,108.90)	
	Due to Trust Other Fund	-	-	84,557.78	-	-	-	-	84,557.78	
	Reserve for Debt Service	-	-	12,350.00	-	-	-	-	12,350.00	
	Reserve for Encumbrances	505,378.37	-	-	-	-	505,378.37	9,585.37	9,585.37	
		8,475.99	-	-	5,637.76	-	-	-	2,838.23	
	<u>IMPROVEMENT AUTHORIZATION</u>									
25-08	Supplemental Environmental Cleanup	-	-	-	-	-	-	-	-	-
18-11	Various Capital Improvements:	-	-	-	-	-	-	-	-	-
	Purchase Automated Trash and Recycling Cans	425.50	-	-	-	-	-	-	425.50	-
	Purchase Various Radios and Equipment for Meredith Farms Redevelopment Project	9,000.00	-	-	-	-	-	-	9,000.00	-
	Acquisition of Equipment for Police	1,056.52	-	-	165.00	-	-	-	891.52	-
04-13	Construction of a Venting System for the Landfill	680.76	-	-	-	-	-	-	680.76	-
14-14	Various Capital Improvements:	(23,500.00)	-	-	-	-	-	-	(23,500.00)	-
	Acquisition of Public Works Equipment Phase I Park Improvements	4,824.00	-	-	-	-	-	-	4,824.00	-
	Repaving and/or Reconstruction of Various Roads	121,203.70	-	-	-	-	3,028.00	-	121,203.70	-
	Repaving and/or Reconstruction of Grant Avenue	4,095.22	-	-	-	-	-	-	4,095.22	-
	Various Improvements to the Community Center	58,249.74	-	-	28,981.99	-	-	-	29,267.75	-
	Various Capital Improvements:	7,511.00	-	-	7,394.67	-	-	-	116.33	-
14-16	Purchase 4-Ton Diesel Fire Road Maint. Vehicle	2,113.00	-	-	-	-	-	-	2,113.00	-
	Construction of Hockey Rink	2,319.45	-	-	-	-	-	-	2,319.45	-
	Purchase of Metal Gates	9,000.00	-	-	-	-	-	-	9,000.00	-
	Purchase of Brine Equipment	3,489.28	-	-	-	-	-	-	3,489.28	-
11-17	Purchase 4-Wheel Drive Police Vehicles	8,451.34	-	-	-	-	-	-	8,451.34	-
13-17	Purchase Public Works Equipment	(80,429.09)	-	-	19,047.16	-	-	-	(99,476.25)	-
14-17	Road Program - 2017	(570,000.00)	570,000.00	-	-	-	-	1,693.70	1,693.70	-
17-17	Purchase of Trash Trucks	(419,289.01)	435,000.00	-	-	-	-	-	15,710.99	-
03-18	Purchase of 4 Trash Trucks	(922,739.08)	950,000.00	-	-	-	261,389.04	-	27,260.92	-
05-18	Various Capital Improvements:	-	-	-	-	-	-	-	-	-
	Roadway and Drainage Inlet Improvements	(593,089.93)	595,238.00	-	-	6,037.92	-	2,989.75	6,879.60	-
	Purchase of Police Vehicles/Equipment	(105,083.00)	207,143.00	-	-	191,232.18	-	-	115,440.00	-
	Acquisition of Bleachers for Sports Complex	1,333.00	26,334.00	-	-	-	-	-	27,667.00	-
	Purchase of Public Works Equipment	(139,010.27)	150,475.00	-	-	84,880.92	-	3,567.62	76,983.81	-
	New Server for Channel 9 Transmitting Equipment	381.00	7,619.00	-	-	-	-	-	8,000.00	-
	Direct Install. Program Lighting & HVAC Improvements	(37,393.22)	51,429.00	-	-	28,187.59	-	-	25,812.41	-
	Real Property Acquisition: Block 4901, Lot 8	(158,222.00)	164,762.00	-	-	-	-	-	6,540.00	-
	Total	\$ -	\$ 3,158,000.00	\$ 676,702.86	\$ 3,043,919.23	\$ 632,954.23	\$ 539,963.74	\$ 539,963.74	\$ 157,829.40	

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 7,160,000.00
Decreased by:	
Budget Appropriation to Pay:	
General Serial Bonds	<u>985,000.00</u>
Balance December 31, 2019	<u><u>\$ 6,175,000.00</u></u>

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	DESCRIPTION	ANALYSIS OF BALANCE				
		BALANCE DECEMBER 31, 2018	INCREASED BY IMPROVEMENT AUTHORIZATIONS	BALANCE DECEMBER 31, 2019	FINANCED BY NOTES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
14-14	Construction of a Venting System for the Landfill	\$ 23,500.00	\$ -	\$ 23,500.00	\$ -	\$ 23,500.00
13-17	Purchase Public Works Equipment	100,000.00	-	100,000.00	-	97,782.55
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	-
03-18	Purchase of 4 Trash Trucks	950,000.00	-	950,000.00	950,000.00	-
05-18	Various Capital Improvements:					
	Roadway and Drainage Inlet Improvements	595,238.00	-	595,238.00	595,238.00	-
	Purchase of Police Vehicles/Equipment	207,143.00	-	207,143.00	207,143.00	-
	Acquisition of Bleachers for Sports Complex	26,667.00	-	26,667.00	26,334.00	333.00
	Purchase of Public Works Equipment	150,475.00	-	150,475.00	150,475.00	-
	New Server for Channel 9 Transmitting Equipment	7,619.00	-	7,619.00	7,619.00	-
	Direct Install. Program Lighting & HVAC Improvements	51,429.00	-	51,429.00	51,429.00	-
	Real Property Acquisition: Block 4901, Lot 8	164,762.00	-	164,762.00	164,762.00	-
	Total	\$ 3,281,833.00	\$ -	\$ 3,281,833.00	\$ 3,158,000.00	\$ 121,615.55

Improvement Authorizations - Unfunded	\$ 138,095.59
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance 17-17	15,710.99
Ordinance 03-18	27,260.92
Ordinance 05-18	92,906.23
	<u>\$ 2,217.45</u>

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM/(TO) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ (2,282,331.72)
Increased by:		
Capital Improvement Fund	\$ 25,000.00	
Cash Disbursed from Current Fund	<u>2,986,517.58</u>	
		<u>3,011,517.58</u>
Subtotal		729,185.86
Decreased by:		
Cash Received from Current Fund	579,141.33	
Other	<u>653.75</u>	<u>579,795.08</u>
Balance December 31, 2019		<u><u>\$ 149,390.78</u></u>

**SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2019 and 2018		<u><u>\$ 102,439.74</u></u>
<u>Analysis of Balance</u>		
Ord 11-15 Department of Transportation - Grant Avenue		<u>\$ 102,439.74</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, 2019**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance December 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2019</u>
			<u>Date</u>	<u>Amount</u>					
2012 Refunding Bonds	8/22/2012	\$ 5,445,000.00	5/1/20	\$ 740,000.00	3.00%	\$ 2,210,000.00	\$ -	\$ 685,000.00	\$ 1,525,000.00
			5/1/21	785,000.00	3.00%				
2017 General Obligation Bonds	4/11/2017	5,226,000.00	1/15/20	275,000.00	2.00%	4,950,000.00	-	300,000.00	4,650,000.00
			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%							
						\$ 7,160,000.00	\$ -	\$ 985,000.00	\$ 6,175,000.00

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
STATEMENT OF BONDS ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTIO	ORIGINAL AMOUNT ISSUED	ORIGINAL ISSUE DATE	DATE OF ISSUE	MATURITY DATE	INTEREST RATE	BALANCE DECEMBER 31, 2018	INCREASED	BALANCE DECEMBER 31, 2019
17-17	Purchase of Trash Trucks	\$ 435,000.00	7/18/2019	7/18/2019	7/17/2020	2.00%	\$ -	\$ 435,000.00	\$ 435,000.00
14-17	Road Program - 2017	570,000.00	7/18/2019	7/18/2019	7/17/2020	2.00%	-	570,000.00	570,000.00
03-18	Purchase of Trash Trucks	950,000.00	7/18/2019	7/18/2019	7/17/2020	2.00%	-	950,000.00	950,000.00
05-18	Various Capital Improvements	1,079,500.00	7/18/2019	7/18/2019	7/17/2020	2.00%	-	1,203,000.00	1,203,000.00
Total							\$ -	\$ 3,158,000.00	\$ 3,158,000.00

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	BALANCE DECEMBER 31, 2018		PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED		BALANCE DECEMBER 31, 2019	
			ORDINANCE AMOUNT	FUNDED		UNFUNDED	PAID OR CHARGED	ENCUMBERED	FUNDED
26-08, 15-14	Various Capital Improvements: Supplemental Environmental Cleanup	6/24/14	\$ 288,124.00	\$ 8,475.99	\$ -	\$ 5,637.76	\$ -	\$ 2,838.23	\$ -
18-11	Various Capital Improvements: Purchase Automated Trash and Recycling Cans Purchase Various Radios and Equipment Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project	12/13/11 12/13/11 12/13/11	335,500.00 9,000.00 1,500,000.00	425.50 9,000.00 1,056.52	- - -	- - 165.00	- - -	425.50 9,000.00 891.52	- - -
04-13	Acquisition of Equipment for Police	2/26/13	153,030.00	680.76	-	-	-	680.76	-
11-15	Various Capital Improvements: Acquisition of Public Works Equipment Phase I Park Improvements Repaving and/or Reconstruction of Various Roads Repaving and/or Reconstruction of Grant Avenue Various Improvements to the Community Center	6/9/15 6/9/15 6/9/15 6/9/15 6/9/15	100,000.00 200,000.00 200,000.00 470,000.00 15,000.00	4,824.00 121,203.70 4,095.22 58,249.74 7,511.00	- - - - -	- - - 28,981.99 7,394.67	- 3,028.00 - - -	4,824.00 121,203.70 4,095.22 29,267.75 116.33	- - - - -
14-16	Various Capital Improvements: Purchase 4-Ton Diesel Fire Road Maint. Vehicle Construction of Hockey Rink Purchase of Metal Gates Purchase of Brine Equipment	11/2/16 11/2/16 11/2/16 11/2/16	42,000.00 150,000.00 9,000.00 9,000.00	2,113.00 2,319.45 9,000.00 3,489.28	- - - -	- - - -	- - - -	2,113.00 2,319.45 9,000.00 3,489.28	- - - -
11-17	Purchase 4-Wheel Drive Police Vehicles	6/8/17	197,108.34	8,451.34	-	-	-	8,451.34	-
13-17	Purchase Public Works Equipment	7/13/17	100,000.00	-	1,693.70	19,047.16	-	-	2,217.45
17-17	Purchase of Trash Trucks	8/10/17	460,000.00	-	-	-	-	-	15,710.99
03-18	Purchase of 4 Trash Trucks	3/13/18	1,000,000.00	-	261,389.04	261,389.04	-	-	27,260.92
05-18	Various Capital Improvements: Roadway and Drainage Inlet Improvements Purchase of Police Vehicles/Equipment Acquisition of Bleachers for Sports Complex Purchase of Public Works Equipment New Server for Channel 9 Transmitting Equipment Direct Install. Program Lighting & HVAC Improvements Real Property Acquisition: Block 4901, Lot 8	5/22/18 5/22/18 5/22/18 5/22/18 5/22/18 5/22/18 5/22/18	625,000.00 217,500.00 28,000.00 158,000.00 8,000.00 54,000.00 173,000.00	- - 1,333.00 - 381.00 - -	2,148.07 102,060.00 26,667.00 11,464.73 7,619.00 14,035.78 6,540.00	6,879.60 115,440.00 - 76,983.81 - 39,964.22 -	2,989.75 - - 3,567.62 - - -	- - 1,333.00 - 381.00 - -	- 26,267.82 26,667.00 - 7,619.00 25,812.41 6,540.00
			\$ 242,609.50	\$ 233,077.40	\$ 505,378.37	\$ 632,954.23	\$ 9,585.37	\$ 200,430.08	\$ 138,095.59

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 2,827.25
Decreased by:	
Disbursements	<u>2,827.25</u>
Balance December 31, 2019	<u><u>\$ -</u></u>

**SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 505,378.37
Increased by:	
Current Year Encumbrances Created	<u>9,585.37</u>
Subtotal	514,963.74
Decreased by:	
Transferred to Improvement Authorizations	<u>505,378.37</u>
Balance December 31, 2019	<u><u>\$ 9,585.37</u></u>

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 135,583.00
Increased by:	
Current Fund Budget Appropriation	<u>25,000.00</u>
Balance December 31, 2019	<u><u>\$ 160,583.00</u></u>

**TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	2019 AUTHORIZATIONS	NOTES ISSUED	BALANCE DECEMBER 31, 2019
14-14	Venting System for Landfill	\$ 23,500.00	\$ -	-	\$ 23,500.00
13-17	Purchase of Public Works Equipment	100,000.00	-	-	100,000.00
17-17	Purchase of Trash Trucks	435,000.00	-	435,000.00	-
14-17	Road Program - 2017	570,000.00	-	570,000.00	-
03-18	Purchase of Trash Trucks	950,000.00	-	950,000.00	-
05-18	Various Capital Improvements	1,203,333.00	-	1,203,000.00	333.00
Total		<u>\$ 3,281,833.00</u>	<u>\$ -</u>	<u>\$ 3,158,000.00</u>	<u>\$ 123,833.00</u>

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TOWNSHIP OF FRANKLIN

PART II

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

FOR THE YEAR ENDED DECEMBER 31, 2019

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**TOWNSHIP OF FRANKLIN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 2019-001:

Criteria of Specific Requirement:

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

Condition:

The Township's Current Fund and Grant Fund Statements of Expenditures reflect over-expenditures of budget appropriations.

Cause:

Lack of oversight.

Effect or Potential Effect:

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

Recommendation:

That the Township should only expend funds as appropriated (N.J.S.A. 40A:4-57).

Management Response:

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

Finding 2019-002:

Criteria or specific requirement:

That an accurate general ledger be maintained for all funds.

Condition:

Closing and adjusting entries are not being properly posted in the Township's general ledger accounting system for the Current Fund.

Cause:

Lack of oversight.

Effect or potential effect:

Ending balances in the client's general ledger for the Current Fund do not accurately reflect activity for the year.

TOWNSHIP OF FRANKLIN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding 2019-002 (continued):

Recommendation:

That the client posts all adjusting and closing entries to the general ledger at year end for the Current Fund.

View of responsible official:

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

Finding 2019-003:

Criteria of Specific Requirement:

In accordance with maintaining an internal control environment that is effective in the prevention and / or identification of potential financial statement misstatement and / or misclassification, the Township should maintain a proper general ledger and subsidiary ledgers for all funds as well as bank reconciliations for all accounts.

Condition:

During our audit we noted that general and subsidiary ledgers and bank reconciliations were not accurately or timely maintained by the Township.

Cause:

Lack of oversight.

Effect or Potential Effect:

Potential financial statement misstatement.

Recommendation:

That the Township maintain accurate and timely general and subsidiary ledgers and bank reconciliations.

Management Response:

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

Finding 2019-004:

Criteria of Specific Requirement:

Proper supporting documentation and approvals are required for all receipts, disbursements and bids of the Township.

Condition:

During our audit we noted various transactions during the year that did not have proper supporting documentation or approvals.

TOWNSHIP OF FRANKLIN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding 2019-004 (continued):

Cause:

Lack of oversight.

Effect or Potential Effect:

Potential financial statement misstatement.

Recommendation:

That the Township obtain proper approval and supporting documentation for all financial transactions.

Management Response:

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

Finding 2019-005:

Criteria of Specific Requirement:

Interfunds should be returned to corresponding funds by the end of the year.

Condition:

During our audit we noted various large interfunds still open at the end of the year.

Cause:

Lack of oversight.

Effect or Potential Effect:

Potential cash flow issues could result from interfund balances not being returned to corresponding funds by the end of the year.

Recommendation:

That the Township take all efforts to ensure interfunds are returned by the end of the year.

Management Response:

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

Finding 2019-006:

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.

TOWNSHIP OF FRANKLIN
SCHEDULE OF FINANCIAL STATEMENT FINDINGS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding 2019-006 (continued):

Condition:

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.

Cause:

Internal control policies and procedures are not in place to properly maintain the fixed asset accounting system for land, buildings and equipment.

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, 2019

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. 2018-001

Condition:

The Township's Current Fund and Grant Fund Statements of Expenditures reflect over-expenditures of budget appropriations.

Current Status:

This finding has not been corrected.

Finding No. 2018-002

Condition:

Closing and adjusting entries are not being properly posted in the Township's general ledger accounting system for the Current Fund.

Current Status:

This finding has not been corrected.

Finding No. 2018-003

Condition:

During our audit we noted that general and subsidiary ledgers and bank reconciliations were not accurately or timely maintained by the Township.

Current Status:

This finding has not been corrected.

Finding No. 2018-004

Condition:

During our audit we noted various transactions during the year that did not have proper supporting documentation or approvals.

Current Status:

This finding has not been corrected.

TOWNSHIP OF FRANKLIN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

Finding No. 2018-005

Condition:

During our audit we noted various large interfunds still open at the end of the year.

Current Status:

This finding has not 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, 2019

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
David Deegan, Jr.	Mayor	
Mary Petsch-Wilson	Deputy Mayor	
John Bruno	Committeeperson	
Heather Flaim	Committeeperson	
Leah Vassallo	Committeeperson	
Katie Coleman	Chief Financial Officer	(1)
Barbara Freijomil	Township Clerk	(1)
Patrick Hegarty	Tax Collector	(1)
Rich Saunders	Construction Code Official	(1)
Joan Sorbella Adams	Magistrate	(1)
Tracey Bleda	Court Administrator	(1)
Trimble and Armano	Solicitor	
CME Associates	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.

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

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, 2019.

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 1, 2019 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 2019-01 (*Finding 2019-001 in the Schedule of Financial Statement Findings section*) - The Township's Current Fund and Grant Fund Statements of Expenditures reflect over-expenditures of budget appropriations.

Finding 2019-02 (*Finding 2019-002 in the Schedule of Financial Statement Findings section*) - Closing and adjusting entries are not being properly posted in the Township's general ledger accounting system for the Current Fund.

Finding 2019-03 (*Finding 2019-003 in the Schedule of Financial Statement Findings section*) - During our audit we noted that general and subsidiary ledgers and bank reconciliations were not accurately or timely maintained by the Township.

Finding 2019-04 (*Finding 2019-004 in the Schedule of Financial Statement Findings section*) - During our audit we noted various transactions during the year that did not have proper supporting documentation or approvals.

Finding 2019-05 (*Finding 2019-005 in the Schedule of Financial Statement Findings section*) - During our audit we noted various interfunds still open at the end of year.

Finding 2019-06 (*Finding 2019-006 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 2019-01

That the Township should only expend funds as appropriated (N.J.S.A. 40A:4-57)

Finding 2019-02

That the client posts all adjusting and closing entries to the general ledger at year end for the Current Fund.

Finding 2019-03

That the Township maintain accurate and timely general and subsidiary ledgers and bank reconciliations.

Finding 2019-04

That the Township obtain proper approval and supporting documentation for all financial transactions.

Finding 2019-05

That the Township take all efforts to make sure interfunds are returned by the end of the year.

Finding 2019-06

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
November 4, 2020