

**TOWNSHIP OF FRANKLIN
COUNTY OF GLOUCESTER
REPORT OF AUDIT
FOR THE YEAR 2020**



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TOWNSHIP OF FRANKLIN

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

The 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 statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of December 31, 2020, and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on 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, in the County of Gloucester, State of New Jersey, as of December 31, 2020, or the results of its operations and changes in fund balance for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, as a result of the effects of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the omission of the activity and balances in the general fixed asset group of accounts - regulatory basis, the financial statements referred to previously are not presented fairly, in all material respects, for the Township of Franklin, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2020, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously, except for the omission of the activity and balances in the general fixed asset group of accounts - regulatory basis described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of December 31, 2020, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, for the year ended December 31, 2020, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

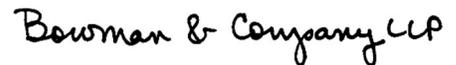
Prior Period Financial Statements

The financial statements of the Township of Franklin, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2019, were audited by other auditors whose report dated November 4, 2020, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the regulatory basis of accounting, except for the General Fixed Assets Account Group, for which a disclaimer of opinion was expressed.

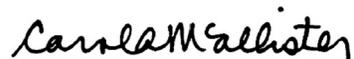
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the Township of Franklin, in the County of Gloucester, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Township of Franklin's 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,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 12, 2021

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Franklin
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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Franklin in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 12, 2021. That report indicated that the Township of Franklin's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our report, our opinion was qualified because the financial statements did not include the general fixed assets account group as required by New Jersey Administrative Code.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Franklin's internal control over financial reporting (internal control) as a basis for designing 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 of Franklin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Franklin's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Recommendations* as *Findings No. 2020-001, 2020-002, 2020-003, 2020-004 and 2020-008* to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *Schedule of Findings and Recommendations* as *Findings No. 2020-005, 2020-006, 2020-007 and 2020-009* to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Franklin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Findings and Recommendations* as *Findings No. 2020-001, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008 and 2020-009*.

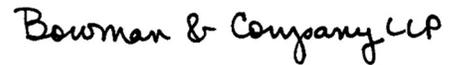
The Township of Franklin's Response to Findings

The Township of Franklin's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
October 12, 2021

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2020 and 2019

	Ref.	2020	2019
Assets:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 625,988.64	\$ 1,707,141.22
Cash - Tax Collector	SA-2	1,884,031.20	851,843.24
Cash - Change Fund	SA-3	350.00	350.00
Due From State of New Jersey - Veterans and Senior Citizens Deductions	SA-7	929.13	8,154.38
Due from Library	SA-24	70,887.63	49,278.78
		<u>2,582,186.60</u>	<u>2,616,767.62</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	711,582.75	917,162.64
Tax Title Liens Receivable	SA-5	1,310,070.52	1,026,722.78
Property Acquired / Assessed Valuation	SA-6	1,539,500.00	1,695,727.51
Revenue Accounts Receivable	SA-8	5,129.51	22,386.45
Land Sale Receivable	A	19,470.00	19,470.00
Due from Borough of Newfield	SA-22	1,761.12	
Due from County - Election Costs	A	5,000.00	
Due from Animal Control Fund	SB-2	3,148.64	11,139.76
Due from Trust - Other Fund	SB-5	560,117.67	790,132.98
		<u>4,155,780.21</u>	<u>4,482,742.12</u>
Deferred Charges:			
Overexpenditure of Appropriation	SA-9	45,831.41	101,786.89
Overexpenditure of Appropriation Reserves	SA-9	64,559.28	6,186.00
Operating Deficit	SA-9	55,207.28	52,713.60
		<u>165,597.97</u>	<u>160,686.49</u>
		<u>6,903,564.78</u>	<u>7,260,196.23</u>
Federal, State and Other Grant Fund:			
Grants Receivable	SA-26	946,087.85	304,821.61
Due from Current Fund	SA-25	321,027.63	346,840.71
Deferred Charges: Overexpenditure of Grant Funds	A	241.50	297,495.33
		<u>1,267,356.98</u>	<u>949,157.65</u>
		<u>\$ 8,170,921.76</u>	<u>\$ 8,209,353.88</u>

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2020 and 2019

	Ref.	2020	2019
Liabilities, Reserves and Fund Balance:			
Regular Fund:			
Appropriation Reserves	A-3;SA-10	\$ 833,329.79	\$ 114,758.35
Reserve for Encumbrances	A-3;SA-10	42,301.08	158,616.62
Accounts Payable	SA-20	26,022.90	23,319.06
Prepaid Taxes	SA-11	536,600.63	385,826.61
Tax Overpayment	SA-12	26,966.05	136.38
Due to County for Added and Omitted Taxes	SA-14	36,956.18	18,921.92
Due to Local School District	SA-15	302,510.98	270,211.98
Regional High School District Taxes Payable	SA-16	272,604.92	203,664.53
Special District Taxes Payable	SA-17	2,050.00	7,086.75
Due to State of New Jersey:			
Uniform Construction Code Fees	SA-21	8,547.00	7,664.00
Due to Federal, State and Other Grant Fund	SA-25	321,027.63	346,840.71
Due to Open Space Trust Fund	SB-8	123,551.64	219,189.29
Due to General Capital Fund	SC-5	17,038.06	149,390.78
Other Reserves:			
Senior Citizens' Activities	SA-23	1,969.83	1,969.83
Performance Bonds	SA-23		4,740.00
Deposits for Sale of Land	SA-23		3,650.00
Master Plan	SA-23		15,159.42
		<u>2,551,476.69</u>	<u>1,931,146.23</u>
Reserves for Receivables	A	4,155,780.21	4,482,742.12
Fund Balance	A-1	<u>196,307.88</u>	<u>846,307.88</u>
		<u>6,903,564.78</u>	<u>7,260,196.23</u>
Federal, State and Other Grant Fund:			
Due to General Capital Fund	C		72,108.90
Reserves for Federal and State Grants:			
Unappropriated	SA-27	18,200.00	378,454.78
Appropriated	SA-28	847,819.48	484,063.38
Reserve for Encumbrances	SA-28	<u>401,337.50</u>	<u>14,530.59</u>
		<u>1,267,356.98</u>	<u>949,157.65</u>
		<u>\$ 8,170,921.76</u>	<u>\$ 8,209,353.88</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 650,000.00	\$ 28,269.94
Miscellaneous Revenues Anticipated	5,801,512.11	6,479,017.23
Receipts from Delinquent Taxes	913,107.22	526,162.55
Receipts from Current Taxes	42,804,417.88	42,059,345.17
Non-budget Revenues	472,378.41	166,011.21
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	137,811.20	292,352.91
Refund of Prior Year Expenditures		79,983.85
Interfund Returned	7,991.12	17,003.44
Tax Overpayments Cancelled		88,125.33
Statutory Excess - Animal Control Fund	3,063.64	
Cancellation of Federal, State and Other Grants Appropriated	54,129.98	
Cancellation of Other Reserves	23,549.42	
Cancellation of Accounts Payable		7,878.12
	50,867,960.98	49,744,149.75
Expenditures:		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Salaries and Wages	4,440,269.41	4,361,844.81
Other Expenses	4,727,690.00	4,408,033.23
Deferred Charges and Statutory Expenditures	1,954,749.82	2,074,274.54
Appropriations Excluded from "CAPS":		
Salaries and Wages	1,088,600.00	1,019,850.00
Other Expenses	1,647,340.07	750,066.00
Capital Improvements		25,000.00
Municipal Debt Service	1,271,404.55	1,152,650.00
Deferred Charges		701,533.00
County Taxes	9,286,638.35	9,046,132.42
Due County for Added and Omitted Taxes	36,956.18	18,921.92
Local District School Tax	11,287,790.00	11,223,197.00
Regional High School Tax	12,543,152.00	12,543,152.00
Special District Taxes	1,990,370.00	1,970,616.00
Municipal Open Space Tax	123,551.64	123,433.56
Payment of Prior Year Health Benefits	133,668.06	
Refund of Prior Year Revenues - Tax Overpayments	114,208.09	
Senior Citizen and Veterans Deduction Disallowed	7,850.25	9,039.73
Cancellation of Federal, State and Other Grants Receivable	50,995.30	
Interfund Created	263,765.95	347,229.65
	50,968,999.67	49,774,973.86
Excess / (Deficit) in Revenues (Carried Forward)	(101,038.69)	(30,824.11)

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statements of Operations and Changes in Fund Balance - Regulatory Basis
 For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Excess / (Deficit) in Revenues (Brought Forward)	\$ (101,038.69)	\$ (30,824.11)
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	<u>45,831.41</u>	<u>107,355.44</u>
Statutory Excess of Fund Balance		76,531.33
Deficit in Operations to be Raised in Budget of Succeeding Year	<u>\$ (55,207.28)</u>	
Fund Balance January 1	<u>\$ 846,307.88</u>	<u>798,046.49</u>
	846,307.88	874,577.82
Decreased by:		
Utilization as Anticipated Revenue	<u>650,000.00</u>	<u>28,269.94</u>
Fund Balance December 31	<u>\$ 196,307.88</u>	<u>\$ 846,307.88</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2020

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 650,000.00	\$	\$ 650,000.00	\$
Miscellaneous Revenues:				
Fines and Costs:				
Municipal Court	250,000.00		137,408.44	(112,591.56)
Fees:				
Licenses - Alcoholic Beverages	35,000.00		37,728.00	2,728.00
Other	4,000.00		19,765.25	15,765.25
Fees and Permits - Certificate of Occupancy	155,000.00		74,233.06	(80,766.94)
Interest and Costs on Taxes	180,000.00		116,864.82	(63,135.18)
Interest on Investments and Deposits	17,000.00		19,127.98	2,127.98
Housing Inspection Fees	550,000.00		407,100.00	(142,900.00)
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	1,446,156.00		1,446,156.01	0.01
Garden State Trust	8,558.00		5,548.00	(3,010.00)
Uniform Construction Codes Fees	190,000.00		237,183.65	47,183.65
Public and Private Revenues Offset With Appropriations:				
Body Armor Grant - FY18	3,411.96		3,411.96	
Body Armor Grant - FY19	4,109.18		4,109.18	
Municipal Alliance on Alcoholism and Drug Abuse	5,500.00		5,500.00	
JIF Optional Safety Budget Program	3,136.84		3,136.84	
JIF Optional Safety Budget Program	3,500.00		3,500.00	
JIF Wellness Reimbursement	1,250.00		1,250.00	
TRICO JIF Safety Incentive Program FY19	4,050.00		4,050.00	
TRICO JIF Cyber Security	2,500.00		2,500.00	
NJDOT - Dutch Mill Road Phase 3	246,446.83		246,446.83	
NJDOT - Dutch Mill Phase 4	225,000.00		225,000.00	
NJDOT - Pennsylvania Ave Phase 1	275,000.00		275,000.00	
Green Acres Grant - Piney Hollow	200,000.00		200,000.00	
JIF Wellness Incentive Program	1,250.00		1,250.00	
Recycling Tonnage Grants	74,443.43		74,443.43	
Clean Communities Grant FY 19	49,765.72		49,765.72	
Clean Communities Grant FY 20	45,565.05		45,565.05	
Shared Service Agreements:				
Township of Buena - Joint Municipal Court	80,000.00		80,000.00	
Borough of Newfield - Police Services	477,375.00		477,375.00	
Township of Buena - Police Services	828,875.00		826,875.00	(2,000.00)
Other Special Items with Prior Written Consent:				
Uniform Fire Safety Act	22,864.81		23,437.82	573.01
Franchise Fees - Cable Television	72,790.10		72,790.11	0.01
Due from Trust Other	493,781.26		493,781.26	
Borough of Newfield - Court Services Prior Year Balance	24,000.00		24,000.00	
School Resource Officer	157,208.70		157,208.70	
	<u>6,137,537.88</u>	<u>-</u>	<u>5,801,512.11</u>	<u>(336,025.77)</u>
Receipts from Delinquent Taxes	<u>739,000.00</u>		<u>913,107.22</u>	<u>174,107.22</u>
Subtotal General Revenues	7,526,537.88	-	7,364,619.33	(161,918.55)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	7,903,985.59		7,882,085.29	(21,900.30)
Minimum Library Tax	444,140.00		444,140.00	
	<u>8,348,125.59</u>	<u>-</u>	<u>8,326,225.29</u>	<u>(21,900.30)</u>
Budget Totals	15,874,663.47	-	15,690,844.62	(183,818.85)
Nonbudget Revenues			<u>472,378.41</u>	<u>472,378.41</u>
	<u>\$ 15,874,663.47</u>	<u>\$ -</u>	<u>\$ 16,163,223.03</u>	<u>\$ 288,559.56</u>

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2020

Analysis of Realized Revenue:Allocation of Current Tax Collections:

Revenue from Collections	\$ 42,804,417.88
Allocated to:	
Open Space, School, County, and Special District Taxes	<u>35,268,458.17</u>
Balance for Support of Municipal Budget Revenues	7,535,959.71
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>790,265.58</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 8,326,225.29</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 826,274.44
Tax Title Lien Collections	<u>86,832.78</u>
	<u>\$ 913,107.22</u>

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated

Refunds of Prior Year Expenditures	\$ 4,090.44
JIF Star Cross	21,262.00
Reimbursement of Prior Year Expenditures	59,976.38
State Burial Fees	76.25
Vacant Properites Fees	31,600.00
Miscellaneous Closed Ambulance Account	85.96
Prior Year Uniform Construction Code Fees	67,463.00
Newfield Court	30,000.00
State Aid - Covid Reimbursement	4,250.00
Recycling Fees	2,794.80
JIF Reimbursement	28,001.00
Tax Refund	1,614.40
NSF Checks	20.00
Clerk Miscellaneous	869.55
Community Center Rental	1,623.25
Tax Collector Miscellaneous	1,835.30
Clear Channel	395.00
Refunds	6,734.20
PERS Refund	16,799.00
Senior Citizens and Veterans Administrative Fee	3,105.00
Sale of Surplus Property	250.00
Other Miscellaneous	<u>5,331.63</u>

\$ 288,177.16

Due from Animal Control Fund:

Kennel Fees Collected Due to Current Fund	85.00
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(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2020

Analysis of Non-Budget Revenue (Cont'd):

Due from Trust Other Fund:		
Tax Sale Premium Forfeiture	\$ 70,800.00	
Police Outside Employment Fees	108,260.72	
Interest	4,157.36	\$ 183,218.08
Tax Collector:		
Clean Up	346.17	
Tax Search Fees	20.00	
NSF Checks	100.00	
Recording Fee	432.00	
		898.17
		\$ 472,378.41

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS":						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration:						
Salaries and Wages	\$ 145,268.00	\$ 145,268.00	\$ 119,116.27	\$	26,151.73	\$
Other Expenses	56,000.00	56,000.00	48,302.25	623.00	7,074.75	
Mayor and Committee:						
Salaries and Wages	22,000.00	22,000.00	21,999.84		0.16	
Other Expenses	2,000.00	2,000.00	314.20		1,685.80	
Municipal Clerk:						
Salaries and Wages	106,934.00	106,934.00	98,000.34		8,933.66	
Other Expenses	30,000.00	30,000.00	15,054.33		14,945.67	
Financial Administration - Treasury:						
Salaries and Wages	35,600.00	36,800.00	36,977.13			177.13
Other Expenses	45,000.00	45,000.00	32,674.09		12,325.91	
Audit Services:						
Other Expenses	70,420.00	70,420.00	67,920.00		2,500.00	
Data Processing Center:						
Other Expenses	14,000.00	14,000.00	9,294.60		4,705.40	
Tax Collection:						
Salaries and Wages	103,930.00	104,680.00	104,509.58		170.42	
Other Expenses	28,000.00	28,000.00	27,187.35	469.85	342.80	
Legal Services:						
Other Expenses	185,000.00	195,000.00	133,920.46		61,079.54	
Engineering Services:						
Other Expenses	90,000.00	131,000.00	58,692.19	15,699.50	56,608.31	
Economic Development:						
Other Expenses	2,000.00	2,000.00			2,000.00	
Community Development						
Salaries and Wages	80,000.00	80,080.00	83,079.46			2,999.46
Other Code Enforcement						
Other Expenses	5,000.00	5,000.00			5,000.00	
Municipal Court:						
Salaries and Wages	173,000.00	183,000.00	182,990.74		9.26	
Other Expenses	15,000.00	15,000.00	10,221.57		4,778.43	
Public Defender:						
Salaries and Wages	9,791.00	9,791.00	815.84		8,975.16	
Municipal Land Use Law (N.J.S.A 40:55D-1):						
Planning Board:						
Salaries and Wages	55,126.00	55,326.00	58,203.59			2,877.59
Other Expenses	16,000.00	16,000.00	13,740.46	117.61	2,141.93	
Zoning Board:						
Salaries and Wages	21,271.00	21,271.00	13,170.50		8,100.50	
Other Expenses	10,000.00	10,000.00	9,302.89	45.60	651.51	

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS" (CONTD):						
PUBLIC WORKS FUNCTIONS:						
Department of Public Works						
Salary and Wages	\$ 1,080,000.00	\$ 998,000.00	\$ 974,521.32	\$	\$ 23,478.68	\$
Other Expenses	210,000.00	161,466.68	99,013.95	929.49	61,523.24	
Public Buildings and Grounds						
Other Expenses	80,000.00	80,000.00	62,959.34	8,774.00	8,266.66	
Vehicle Maintenance						
Other Expenses:	220,000.00	220,000.00	136,045.50	3,633.63	80,320.87	
PUBLIC SAFETY FUNCTIONS:						
Office Of Emergency Management:						
Salaries and Wages	2,000.00	2,000.00			2,000.00	
Other Expenses	1,000.00	1,000.00	43.65		956.35	
Police						
Salaries and Wages	2,326,065.00	2,326,065.00	2,318,463.60		7,601.40	
Other Expenses	138,500.00	138,500.00	98,003.16	9,418.18	31,078.66	
Uniform Fire Safety						
Salaries and Wages	36,234.00	36,234.00	32,597.05		3,636.95	
Other Expenses	8,000.00	8,000.00	5,357.57	1,463.54	1,178.89	
Court Professionals:						
Salaries and Wages	30,183.00	30,183.00	30,182.76		0.24	
HEALTH AND WELFARE:						
Health and Human Services						
Salaries and Wages	31,022.00	31,022.00	25,247.06		5,774.94	
Other Expenses	70,000.00	70,000.00	52,196.12		17,803.88	
Environmental Commission:						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	1,500.00	1,500.00	569.87		930.13	
PARKS AND RECREATION FUNCTIONS:						
Recreation						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	4,500.00	4,500.00	143.00		4,357.00	
Parks and Playgrounds:						
Other Expenses	20,000.00	20,000.00	17,969.93		2,030.07	
Community Center						
Salaries and Wages	81,420.00	84,420.00	75,303.07		9,116.93	
Other Expenses	8,000.00	8,000.00	6,178.81	35.00	1,786.19	
Historical Society						
Salaries and Wages	700.00	700.00	700.00			
Other Expenses	500.00	500.00			500.00	

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Paid or Charged			Overexpended	Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved		
OPERATIONS WITHIN "CAPS" (CONTD):							
INSURANCE:							
Liability Insurance	\$ 255,000.00	\$ 255,000.00	\$ 223,228.00	\$	\$ 31,772.00	\$	\$
Workers Compensation	360,000.00	360,000.00	359,468.00		532.00		
Group Insurance Plans for Employees	1,400,000.00	1,440,803.32	1,361,639.15		79,164.17		
OTHER COMMON OPERATING FUNCTIONS:							
Celebration of Public Events:							
Other Expenses	1,000.00	1,000.00			1,000.00		
Cable TV Commission							
Salaries and Wages	5,212.00	5,212.00	5,211.72		0.28		
Other Expenses	7,000.00	7,000.00	359.14		6,640.86		
UTILITY EXPENSES AND BULK PURCHASES:							
Electricity	137,000.00	137,000.00	135,272.84		1,727.16		
Street Lighting	101,000.00	101,000.00	98,363.42		2,636.58		
Telephone	52,000.00	52,000.00	40,195.24		11,804.76		
Natural Gas	42,000.00	42,000.00	22,746.42		19,253.58		
Diesel Fuel	77,000.00	77,000.00	56,218.67		20,781.33		
Gasoline and Diesel Fuel	122,000.00	122,000.00	45,797.66	1,091.68	75,110.66		
Landfill Disposal Costs	790,000.00	790,000.00	737,271.82		52,728.18		
STATE UNIFORM CONSTRUCTION CODE:							
Construction Official:							
Salaries and Wages	134,502.00	149,002.00	154,129.23			5,127.23	
Other Expenses	10,000.00	10,000.00	3,582.53		6,417.47		
Total Operations Within "CAPS"	9,165,778.00	9,156,778.00	8,325,467.28	42,301.08	800,191.05	11,181.41	-
Detail:							
Salaries and Wages	4,481,358.00	4,429,088.00	4,336,219.10	-	104,050.31	11,181.41	-
Other Expenses	4,684,420.00	4,727,690.00	3,989,248.18	42,301.08	696,140.74	-	-
Total Operations Including Contingent Within "CAPS"	9,165,778.00	9,156,778.00	8,325,467.28	42,301.08	800,191.05	11,181.41	-
EXPENDITURES - MUNICIPAL WITHIN "CAPS":							
DEFERRED CHARGES:							
Overexpenditure of Grant Appropriations	50,807.00	50,807.00	50,807.00				
Overexpenditure of Current Appropriations	101,786.89	101,786.89	101,786.89				
Deficit in Operations	52,713.60	52,713.60	52,713.60				
Overexpenditure of Appropriation Reserves	6,186.00	6,186.00	6,186.00				
Overexpenditure of Grant Appropriations 2019 - DOT Grant	246,446.83	246,446.83	246,446.83				
Prior Year Bills	40,119.40	40,119.40	40,119.40				

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
EXPENDITURES - MUNICIPAL WITHIN "CAPS" (CONTD):						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System of NJ	\$ 311,480.35	\$ 311,480.35	\$ 311,480.35	\$	\$	\$
Social Security System (O.A.S.I.)	357,000.00	366,000.00	341,749.98		24,250.02	
Police and Fireman's Retirement System of NJ	747,709.75	747,709.75	747,709.75			
Unemployment Compensation Insurance	30,000.00	30,000.00	21,306.74		8,693.26	
Defined Contribution Retirement Program	1,500.00	1,500.00	1,304.54		195.46	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	1,945,749.82	1,954,749.82	1,921,611.08	-	33,138.74	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	11,111,527.82	11,111,527.82	10,247,078.36	42,301.08	833,329.79	11,181.41
OPERATIONS EXCLUDED FROM "CAPS":						
Maintenance of Free Public Library	444,139.89	444,139.89	444,139.89			
Interlocal Municipal Service Agreements:						
SFSP Fire District Payment	5,683.00	5,683.00	5,683.00			
Joint Municipal Court						
Salaries and Wages	70,000.00	70,000.00	70,000.00			
Other Expenses	10,000.00	10,000.00	10,000.00			
Newfield Police Services						
Salaries and Wages	399,725.00	399,725.00	399,725.00			
Other Expenses	77,660.00	77,660.00	77,660.00			
Buena Police Services						
Salaries and Wages	618,875.00	618,875.00	618,875.00			
Other Expenses	210,000.00	210,000.00	210,000.00			
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
NJ Department of Environmental Protection:						
Clean Communities Program FY 19	49,765.72	49,765.72	49,765.72			
Clean Communities Program FY 20	45,565.05	45,565.05	45,565.05			
Municipal Alliance for Alcohol and Drug Abuse	5,500.00	5,500.00	5,500.00			
Municipal Alliance for Alcohol and Drug Abuse - Grant Match	1,375.00	1,375.00	1,375.00			
NJDOT Municipal Aid - Dutch Mill Phase 4	225,000.00	225,000.00	225,000.00			
NJDOT Municipal Aid - Pennsylvania Ave - Phase 1	275,000.00	275,000.00	275,000.00			
ACM JIF Safety Incentive Program	4,050.00	4,050.00	4,050.00			
JIF Cyber Security	2,500.00	2,500.00	2,500.00			
JIF Wellness Incentive Program	1,250.00	1,250.00	1,250.00			
JIF Optional Safety Budget Program	3,136.84	3,136.84	3,136.84			
JIF Optional Safety Budget Program	3,500.00	3,500.00	3,500.00			
JIF Wellness	1,250.00	1,250.00	1,250.00			
Green Acres - Piney Hollow	200,000.00	200,000.00	200,000.00			
Body Armor Grant FY18	3,411.96	3,411.96	3,411.96			
Body Armor Grant	4,109.18	4,109.18	4,109.18			
Recycling Tonnage Grants	74,443.43	74,443.43	74,443.43			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	2,735,940.07	2,735,940.07	2,735,940.07	-	-	-

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Expenditures - Regulatory Basis
 For the Year Ended December 31, 2020

	Appropriations		Paid or Charged			Unexpended Balance Canceled
	Budget	Budget After Modification	Expended	Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS" (CONT'D):						
Detail:						
Salaries and Wages	\$ 1,088,600.00	\$ 1,088,600.00	\$ 1,088,600.00	\$ -	\$ -	\$ -
Other Expenses	1,647,340.07	1,647,340.07	1,647,340.07	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":						
Payment of Bond Anticipation Notes	52,895.00	52,895.00	52,895.00			
Payment on Bond Principal	1,015,000.00	1,015,000.00	1,015,000.00			
Interest on Bonds	105,875.00	105,875.00	140,525.00			34,650.00
Interest on Notes	63,160.00	63,160.00	62,984.55			175.45
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	1,236,930.00	1,236,930.00	1,271,404.55	-	-	34,650.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	3,972,870.07	3,972,870.07	4,007,344.62	-	-	34,650.00
SUBTOTAL GENERAL APPROPRIATIONS	15,084,397.89	15,084,397.89	14,254,422.98	42,301.08	833,329.79	45,831.41
RESERVE FOR UNCOLLECTED TAXES	790,265.58	790,265.58	790,265.58	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 15,874,663.47	\$ 15,874,663.47	\$ 15,044,688.56	\$ 42,301.08	\$ 833,329.79	\$ 45,831.41
Adopted Budget		\$ 15,874,663.47				
Federal State and Other Grants Appropriated			\$ 898,482.18			
Due to Federal, State and Other Grant Fund Federal State and Other Grants Appropriated			1,375.00			
Deferred Charges - Overexpenditure of Current Appropriations			101,786.89			
Deferred Charges - Deficit in Operations			52,713.60			
Deferred Charges - Overexpenditure of Appropriation Reserves			6,186.00			
Deferred Charges - Overexpenditure of Grant Appropriation			297,253.83			
Due to Trust Other Fund			3,413.87			
Reserve for Uncollected Taxes			790,265.58			
Disbursed			12,893,211.61			
			\$ 15,044,688.56			

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
TRUST FUND

Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2020 and 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets:			
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	\$ 52,974.04	\$ 59,997.56
Change Fund	B	100.00	100.00
		<u>53,074.04</u>	<u>60,097.56</u>
Trust Other Fund:			
Cash	SB-1	1,585,571.83	1,688,636.54
Due from General Capital	C		84,557.78
		<u>1,585,571.83</u>	<u>1,773,194.32</u>
Municipal Open Space Trust Fund:			
Cash	SB-1	678,144.97	599,634.22
Due from Current Fund	SB-8	123,551.64	219,189.29
		<u>801,696.61</u>	<u>818,823.51</u>
Total Assets		<u><u>\$ 2,440,342.48</u></u>	<u><u>\$ 2,652,115.39</u></u>
Liabilities and Reserves:			
Animal Control Fund:			
Due to State of New Jersey - Department of Health	SB-3	\$	\$ 19.20
Due to Current Fund	SB-2	3,148.64	11,139.76
Reserve for Animal Control Fund Expenditures	SB-4	49,925.40	48,938.60
		<u>53,074.04</u>	<u>60,097.56</u>
Trust Other Fund:			
Due to Current Fund	SB-5	560,117.67	790,132.98
Miscellaneous Trust Reserves:			
Community Policing	SB-6	399.11	399.11
Community Fund	SB-6	30.00	30.00
Fireman's Park	SB-6	4,000.00	4,000.00
Flags and Videos	SB-6	690.00	690.00

(Continued)

TOWNSHIP OF FRANKLIN
TRUST FUND

Statements of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
As of December 31, 2020 and 2019

	Ref.	<u>2020</u>	<u>2019</u>
Liabilities and Reserves (Cont'd):			
Trust Other Fund:			
Miscellaneous Trust Reserves:			
Historical Society	SB-6	\$ 3,193.00	\$ 3,193.00
Municipal Alliance Grant	SB-6	160.00	160.00
Payroll Deductions Payable	SB-6	16,322.99	60,006.87
Performance Bond	SB-6	1,019.00	16,800.60
P.O.A.A.	SB-6	183.73	183.73
Police Canine Unit	SB-6	10,623.36	4,600.79
Police Forfeited Funds	SB-6	40,470.16	31,638.36
Public Defender	SB-6	33,340.76	37,275.00
Recreation Commission	SB-6	2,161.07	4,562.06
Senior Citizens	SB-6	33,291.42	33,841.42
Site Plan Review Escrow	SB-6	329,844.44	317,049.19
Tax Title Liens Redemptions	SB-6	33,620.03	20,142.43
Tax Title Liens Premiums	SB-6	372,700.00	228,500.00
Train Station Donations	SB-6	2,731.53	2,731.53
Crime Stoppers	SB-6		1,087.00
Police Outside Detail	SB-6	80,641.16	197,242.20
Police Outside Employment	SB-6	49,866.42	
Police Unity	SB-6		11,975.13
Police Youth Week	SB-6		376.31
Miscellaneous'	SB-6	7,304.17	3,719.00
Uniform Fire Dedicated Penalties	SB-6	2,861.81	2,857.61
		<u>1,585,571.83</u>	<u>1,773,194.32</u>
Municipal Open Space Trust Fund			
Appropriation Reserves	B-2	123,059.85	84,094.52
Reserve for Future Use	SB-7	678,636.76	734,728.99
		<u>801,696.61</u>	<u>818,823.51</u>
Total Liabilities and Reserves		<u>\$ 2,440,342.48</u>	<u>\$ 2,652,115.39</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
TRUST FUND
Municipal Open Space Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2020

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Amount to be Raised by Taxation	\$ 123,059.85	\$ 123,551.64	\$ 491.79
Miscellaneous		<u>8,403.32</u>	<u>8,403.32</u>
Total Revenues	<u>\$ 123,059.85</u>	<u>\$ 131,954.96</u>	<u>\$ 8,895.11</u>

Analysis of Realized Revenues

Amount to be Raised by Taxation:

Due From Current Fund:

Municipal Open Space Tax Levy
Added & Omitted Taxes

\$ 123,059.85

491.79

\$ 123,551.64

Miscellaneous:

Interest Earnings
State of New Jersey

\$ 528.57

7,874.75

\$ 8,403.32

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
TRUST FUND
Municipal Open Space Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2020

	<u>Appropriations</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Reserved</u>
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	50,000.00
Reserve for Future Use	<u>72,059.85</u>	<u>72,059.85</u>	<u>72,059.85</u>
Total Operating	<u>\$ 123,059.85</u>	<u>\$ 123,059.85</u>	<u>\$ 123,059.85</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2020 and 2019

Assets:	Ref.	2020	2019
Cash	SC-1	\$ 215,685.03	\$ 157,829.40
Deferred Charges to Future Taxation:			
Funded	SC-3	5,160,000.00	6,175,000.00
Unfunded	SC-4	3,228,938.00	3,281,833.00
Due from Current Fund	SC-5	17,038.06	149,390.78
Grants Receivable	C	102,439.74	102,439.74
Due from Federal and State Grant Fund	A		72,108.90
Total Assets		\$ 8,724,100.83	\$ 9,938,601.82
Liabilities, Reserves and Fund Balance:			
General Serial Bonds	SC-6	\$ 5,160,000.00	\$ 6,175,000.00
Bond Anticipation Notes	SC-7	3,105,105.00	3,158,000.00
Improvement Authorizations:			
Funded	SC-8	134,580.29	200,430.08
Unfunded	SC-8	195,160.68	138,095.59
Encumbrances Payable	SC-19	3,674.00	9,585.37
Capital Improvement Fund	SC-10	95,583.00	160,583.00
Reserve for Debt Service	SC-11	29,997.86	12,350.00
Due to Trust Other	B		84,557.78
Total Liabilities, Reserves & Fund Balance		\$ 8,724,100.83	\$ 9,938,601.82

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$123,833.00.

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FRANKLIN
Notes to Financial Statements
For the Year Ended December 31, 2020

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Franklin (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature in 1825, covers approximately 56 square miles and is located in southwest New Jersey approximately thirty-three miles southeast of the City of Philadelphia. The population according to the 2010 census is 16,820.

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

Component Units - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Township, the primary government:

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "Requirements") 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* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; 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 authorities and other state agencies.

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

The cash management plan adopted by the Township 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.

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), 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. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at 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 asset group of accounts, 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 include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is 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 to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

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

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

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

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Franklin Township Library. The amount of the library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2020, the Township's bank balances of \$6,860,860.19 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 6,163,832.69
Uninsured and Uncollateralized	<u>697,027.50</u>
Total	<u>\$ 6,860,860.19</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 3.380</u>	<u>\$ 3.334</u>	<u>\$ 3.289</u>	<u>\$ 3.226</u>	<u>\$ 3.211</u>
Apportionment of Tax Rate:					
Municipal - Local Purpose	\$.642	\$.623	\$.626	\$.627	\$.627
Municipal Library	.036	.036	.035	.034	.034
Municipal Open Space	.010	.010	.010	.010	.010
County - General	.712	.692	.679	.664	.663
County - Open Space	.043	.043	.043	.042	.043
Local School	.918	.911	.891	.870	.863
Regional High School	1.019	1.019	1.005	.979	.971
Special District Tax Rates:					
Fire District No. 1	\$.165	\$.164	\$.163	\$.162	\$.161
Fire District No. 2	.159	.158	.152	.152	.154
Fire District No. 3	.122	.122	.121	.120	.120
Fire District No. 4	.201	.197	.197	.190	.187
Fire District No. 5	.157	.154	.149	.136	.134

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2020	\$ 1,230,598,454.00
2019	1,231,986,253.00
2018	1,231,752,737.00
2017	1,237,078,979.00
2016	1,232,463,275.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 43,778,110.51	\$ 42,804,417.88	97.78%
2019	43,133,937.51	42,059,345.17	97.51%
2018	42,667,904.57	41,884,978.11	98.17%
2017	41,888,108.63	41,424,739.52	98.89%
2016	41,581,303.71	41,171,188.56	99.01%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

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>
2020	\$ 1,310,070.52	\$ 711,582.75	\$ 2,021,653.27	4.62%
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%
2016	817,200.73	217,202.98	1,034,403.71	2.49%

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2020	160
2019	143
2018	147
2017	147
2016	163

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2020	\$ 1,695,727.51
2019	1,695,727.51
2018	1,811,900.00
2017	1,811,900.00
2016	4,904,076.98

Note 5: FUND BALANCES APPROPRIATED

The following schedules detail 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:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2020	\$ 196,307.88	\$ -	N/A
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%
2016	1,821,176.44	913,000.00	50.13%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2020:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 563,266.31	\$ 461,617.33
State and Federal Grant Fund	321,027.63	
Trust - Animal Control		3,148.64
Trust - Open Space	123,551.64	
Trust - Other Fund		560,117.67
General Capital	17,038.06	
Totals	<u>\$ 1,024,883.64</u>	<u>\$ 1,024,883.64</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2021, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees are eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 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 years or more 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.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 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 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 of 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.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2020 was 16.03% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$296,099.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$265,225.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$141,959.63.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. 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.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component - 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 nonemployer 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 or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2020 was 30.66% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$826,763.00, and is payable by April 1, 2021. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$673,765.00, which was paid on April 1, 2020.

Employee contributions to the Plan for the year ended December 31, 2020 were \$269,605.70.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2020 was 4.24% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2020 was \$114,196.00, and is payable by April 1, 2021. For the prior year measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 was \$86,847.00, which was paid on April 1, 2020.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2020, employee contributions totaled \$2,737.93, and the Township's contributions were \$1,304.54. There were no forfeitures during the year.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

Pension Liability - As of December 31, 2020, the Township's proportionate share of the PERS net pension liability was \$4,413,915.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Township's proportion of the net pension liability 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 employers, actuarially determined. For the June 30, 2020 measurement date, the Township's proportion was .0270669700%, which was a decrease of .0001997636% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$331,408.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PERS was \$265,225.00, and was paid on April 1, 2020.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2020, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 9,562,430.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,484,046.00</u>
	<u>\$ 11,046,476.00</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Township's proportion of the net pension liability 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 employers and the State of New Jersey, actuarially determined. For the June 30, 2020 measurement date, the Township's proportion was .0740050635%, which was an increase .0073029615% from its proportion measured as of June 30, 2019. Likewise, at June 30, 2020, the State of New Jersey's proportion, on-behalf of the Township, was .0740050635%, which was an increase of .0073029615% from its proportion, on-behalf of the Township, measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$1,109,229.00. This (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2020, the Township's contribution to PFRS was \$673,765.00, and was paid on April 1, 2020.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

Pension Expense (Cont'd) - For the year ended December 31, 2020, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2020 measurement date, was \$168,187.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2020, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 80,370.00	\$ 96,406.00	\$ 176,776.00	\$ 15,610.00	\$ 34,318.00	\$ 49,928.00
Changes of Assumptions	143,192.00	24,064.00	167,256.00	1,848,148.00	2,563,630.00	4,411,778.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	150,871.00	560,690.00	711,561.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	940,057.00	2,534,193.00	3,474,250.00	57,865.00	76,271.00	134,136.00
Township Contributions Subsequent to the Measurement Date	148,050.00	413,382.00	561,432.00	-	-	-
	<u>\$ 1,462,540.00</u>	<u>\$ 3,628,735.00</u>	<u>\$ 5,091,275.00</u>	<u>\$ 1,921,623.00</u>	<u>\$ 2,674,219.00</u>	<u>\$ 4,595,842.00</u>

Deferred outflows of resources in the amounts of \$148,050.00 and \$413,382.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2021. These amounts were based on an estimated April 1, 2022 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2020 to the Township's year end of December 31, 2020.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - The Township will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2021	\$ (253,242.00)	\$ (372,198.00)	\$ (625,440.00)
2022	(200,708.00)	(44,958.00)	(245,666.00)
2023	(40,766.00)	319,428.00	278,662.00
2024	(85,785.00)	548,367.00	462,582.00
2025	(26,632.00)	90,495.00	63,863.00
	<u>\$ (607,133.00)</u>	<u>\$ 541,134.00</u>	<u>\$ (65,999.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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-2020.

Police and Firemen's Retirement System

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-2020.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2020) 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' and PFRS' target asset allocation as of June 30, 2020 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal 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 would be based on 78% of the actuarially determined contributions for the State 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal 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 78% of the actuarially determined contributions for the State 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability as of the June 30, 2020 measurement date, calculated using a discount rate of 7.00%, 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% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 5,556,383.00	\$ 4,413,915.00	\$ 3,444,500.00

Note 7: PENSION PLANS (CONT'D)**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of the June 30, 2020 measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 12,716,064.00	\$ 9,562,430.00	\$ 6,943,097.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,973,475.00	1,484,046.00	1,077,537.00
	<u>\$ 14,689,539.00</u>	<u>\$ 11,046,476.00</u>	<u>\$ 8,020,634.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS pension plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Eight Plan Years)

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0270669700%	0.0272667336%	0.0229271430%	0.0202389223%
Township's Proportionate Share of the Net Pension Liability	\$ 4,413,915.00	\$ 4,913,052.00	\$ 4,514,240.00	\$ 4,711,298.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,923,444.00	\$ 1,939,536.00	\$ 1,610,064.00	\$ 1,404,612.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	229.48%	253.31%	280.38%	335.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0193696270%	0.0204326511%	0.0207715910%	0.0246139386%
Township's Proportionate Share of the Net Pension Liability	\$ 5,736,728.00	\$ 4,586,721.00	\$ 3,889,010.00	\$ 4,704,213.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,332,496.00	\$ 1,393,776.00	\$ 1,436,484.00	\$ 1,733,120.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	430.52%	329.09%	270.73%	271.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 296,099.00	\$ 265,225.00	\$ 228,051.00	\$ 187,492.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(296,099.00)</u>	<u>(265,225.00)</u>	<u>(228,051.00)</u>	<u>(187,492.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,847,059.00	\$ 1,902,685.00	\$ 1,899,011.00	\$ 1,647,397.00
Township's Contributions as a Percentage of Covered Payroll	16.03%	13.94%	12.01%	11.38%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 172,077.00	\$ 175,666.00	\$ 171,238.00	\$ 185,461.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(172,077.00)</u>	<u>(175,666.00)</u>	<u>(171,238.00)</u>	<u>(185,461.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,409,731.00	\$ 1,351,636.00	\$ 1,366,983.00	\$ 1,453,709.00
Township's Contributions as a Percentage of Covered Payroll	12.21%	13.00%	12.53%	12.76%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Eight Plan Years)***

	<u>Measurement Date Ended June 30,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.0740050635%	0.0667021020%	0.0526639804%	0.0528599145%
Township's Proportionate Share of the Net Pension Liability	\$ 9,562,430.00	\$ 8,162,882.00	\$ 7,126,305.00	\$ 8,160,549.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,484,046.00	1,288,935.00	967,991.00	914,050.00
Total	<u>\$ 11,046,476.00</u>	<u>\$ 9,451,817.00</u>	<u>\$ 8,094,296.00</u>	<u>\$ 9,074,599.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,553,532.00	\$ 2,261,940.00	\$ 1,784,348.00	\$ 1,711,060.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	374.48%	360.88%	399.38%	476.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0506114872%	0.0548372439%	0.0507380152%	0.0492709656%
Township's Proportionate Share of the Net Pension Liability	\$ 9,668,089.00	\$ 9,133,973.00	\$ 6,382,372.00	\$ 6,550,130.00
State's Proportionate Share of the Net Pension Liability associated with the Township	811,880.00	801,019.00	687,274.00	610,552.00
Total	<u>\$ 10,479,969.00</u>	<u>\$ 9,934,992.00</u>	<u>\$ 7,069,646.00</u>	<u>\$ 7,160,682.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,617,668.00	\$ 1,736,592.00	\$ 1,633,508.00	\$ 1,573,880.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	597.66%	525.97%	390.72%	416.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS) (Last Eight Years)***

	<u>Year Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Contractually Required Contribution	\$ 826,763.00	\$ 673,765.00	\$ 514,868.00	\$ 467,820.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(826,763.00)</u>	<u>(673,765.00)</u>	<u>(514,868.00)</u>	<u>(467,820.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,696,224.00	\$ 2,542,040.00	\$ 2,260,783.00	\$ 1,826,865.00
Township's Contributions as a Percentage of Covered Payroll	30.66%	26.50%	22.77%	25.61%
	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 412,656.00	\$ 445,745.00	\$ 389,703.00	\$ 359,470.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(412,656.00)</u>	<u>(445,745.00)</u>	<u>(389,703.00)</u>	<u>(359,470.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,673,534.00	\$ 1,511,795.00	\$ 1,714,144.00	\$ 1,723,566.00
Township's Contributions as a Percentage of Covered Payroll	24.66%	29.48%	22.73%	20.86%

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Police and Firemen's Retirement System (PFRS)Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%
2017	6.14%		

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN**

In May of 2021, the New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020 was not available; therefore, the information from the measurement period June 30, 2019 is disclosed below.

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Township provides postemployment health care benefits to its retirees through a single employer defined benefit plan. The State of New Jersey (the "State") provides additional benefits to certain Township retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of the Township, contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which 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. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. 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.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****General Information about the OPEB Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - 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.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

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% 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, the Township is 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 Township does 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 Township is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Township,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the Township, and
- c) the State's proportionate share of the OPEB (benefit) expense that is associated with the Township.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB (benefit) expense, on-behalf of the Township, is \$95,819.00 for the year ended December 31, 2019 representing 3.77% of the Township's covered payroll.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

OPEB Liability and OPEB (Benefit) Expense

OPEB Liability - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the Township is \$7,228,745.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportion of the net OPEB liability, on-behalf of the Township, was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was .130820% which was an increase of .007650% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date, is \$95,819.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Not Applicable Under Special Funding Situation	
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS experience study prepared for July 1, 2013 to June 30, 2018.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	\$ 8,358,268.00	\$ 7,228,745.00	\$ 6,310,858.00

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB Liability as of June 30, 2019, the Plan's measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	\$ 6,100,170.00	\$ 7,228,745.00	\$ 8,668,433.00

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASB No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the State's Proportionate Share of the net OPEB Liability Associated with the Township (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Township	100.000000%	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
Township's Proportionate Share of the Net OPEB Liability \$	-	-	-
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>7,228,745.00</u>	<u>7,653,592.00</u>	<u>8,746,977.00</u>
Total	<u>\$ 7,228,745.00</u>	<u>\$ 7,653,592.00</u>	<u>\$ 8,746,977.00</u>
Township's Covered Payroll (Plan Measurement Period) \$	2,380,983.00	2,032,713.00	1,748,329.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	303.603%	376.521%	500.305%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

Supplementary OPEB Information (Cont'd)

The amount of actual contributions that the State made on-behalf of the Township is not known.

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

In 2019, there were slight changes to the Chapter 48 provisions.

Changes in Assumptions

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS experience study. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

In 2017, the discount rate changed to 3.58% from 2.85%.

B. TOWNSHIP OF FRANKLIN POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The Township provides postretirement health care benefits through a health plan for retirees of the Superior Officers Association of PBA Local 122, which includes a medical, dental, vision, and prescription plan. The Township provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: Township employees who retire from the Superior Officers Association of PBA Local 122, including their spouse and eligible dependents, who have at least twenty (20) years or more as a police officer in Franklin Township and twenty-five (25) years of credited service with the Police and Fire Retirement System (PFRS). The Plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Township provides the retirees with a detailed accounting of the costs. These officers will pay fifteen (15%) of the premium for the life of this contract and the life of future contracts.

Employees Covered by Benefit Terms - As of December 31, 2020, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	10
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	6
	16

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF FRANKLIN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Total OPEB Liability**

The Township's total OPEB liability of \$6,546,451.00 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not provided
Salary Increases	Not provided
Discount Rate	1.91%
Healthcare Cost Trend Rates	Increase at an annual rate of 7.0% for Pre-Medicare medical benefits and 5% for Post-Medicare benefits
Retirees' Share of Benefit-Related Costs	Future retirees are assumed to contribute 15% for medical and prescription drugs benefits.

The discount rate was based on the Bond Buyer 20 index rate as of December 31, 2020.

Mortality rates were based on the RP 2014 Mortality Table projected with Scale MP 18.

An experience study was not performed on the actuarial assumptions used in the December 31, 2020 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables issued by Society of Actuaries. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2019		\$ 6,990,578.00
Changes for the Year:		
Service Cost	\$ 137,958.00	
Interest Cost	171,149.00	
Benefit Payments	(234,248.00)	
Changes in Assumptions	638,591.00	
Difference Between Actual and Expected	(1,157,577.00)	
Changes of Other Inputs	<u>-</u>	
Net Changes		<u>(444,127.00)</u>
Balance at December 31, 2020		<u>\$ 6,546,451.00</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.49% at December 31, 2019 to 1.91% at December 31, 2020.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF FRANKLIN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)**

Sensitivity of Total OPEB Liability to Changes in 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 for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	<u>1.00% Decrease (0.91%)</u>	<u>Current Discount Rate (1.91%)</u>	<u>1.00% Increase (2.91%)</u>
Total OPEB Liability	<u>\$ 7,772,388.00</u>	<u>\$ 6,546,451.00</u>	<u>\$ 5,594,980.00</u>

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 5,573,004.00</u>	<u>\$ 6,546,451.00</u>	<u>\$ 7,786,160.00</u>

OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2020, the Township recognized OPEB (benefit) expense of \$917,532.00. As of December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 1,864,510.00	\$ -
Difference Between Expected and Actual Experience	-	-
	<u>\$ 1,864,510.00</u>	<u>\$ -</u>

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF FRANKLIN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****OPEB (Benefit) Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (benefit) expense as follows:

Year Ending Dec 31,	
2021	\$ 607,425.00
2022	755,653.00
2023	373,714.00
2024	127,718.00
2025	-
Thereafter	-
	<u>\$ 1,864,510.00</u>

Supplementary OPEB Information

In accordance with GASB No. 75, the following information is also presented for the Township's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios (Last Three Years):

	<u>Plan Measurement Date December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 137,958.00	\$ 101,656.00	\$ 168,790.00
Interest Cost	171,149.00	212,146.00	245,839.00
Benefit Payments	(234,248.00)	(126,956.00)	(126,956.00)
Changes in Assumptions	638,591.00	1,234,984.00	(741,140.00)
Difference Between Expected and Actual Experience	<u>(1,157,577.00)</u>	<u>(322,929.00)</u>	<u>(472,141.00)</u>
Net Change in Total OPEB Liability	(444,127.00)	1,098,901.00	(925,608.00)
Total OPEB Liability - Beginning of Fiscal Year	<u>6,990,578.00</u>	<u>5,891,677.00</u>	<u>6,817,285.00</u>
Total OPEB Liability - End of Fiscal Year	<u>\$ 6,546,451.00</u>	<u>\$ 6,990,578.00</u>	<u>\$ 5,891,677.00</u>
Covered-Employee Payroll	\$ 942,823.14	\$ 906,575.13	\$ 913,809.54
Total OPEB Liability as a Percentage of Covered Payroll	694.35%	771.10%	644.74%

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**B. TOWNSHIP OF FRANKLIN POSTEMPLOYMENT BENEFIT PLAN (CONT'D)****Other Notes to Supplementary OPEB Information**

Changes of Benefit Terms:
None

Changes of Assumptions:
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year	Percentage
2020	1.91%
2019	2.49%
2018	3.64%

Note 9: COMPENSATED ABSENCES

Under the existing policy of the Township, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward, but the carry-forward is limited to the equivalent of one year's accrued vacation days.

The Township compensates employees for unused sick leave and vacation days upon termination or retirement. For unused sick leave, however, the current policy provides one compensated day for every two days accumulated.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$809,099.64.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: CAPITAL DEBT**General Improvement Bonds**

General Improvement Refunding Bonds, Series 2012 - On August 22, 2012, the Township issued \$5,445,000.00 of general improvement refunding bonds, with a net interest cost of 3.00% to advance refund \$5,595,000.00 outstanding 2002 general improvement bonds with a variable interest rate between 4.125% and 4.625%. The final maturity of the bonds is May 1, 2021.

General Improvement Bonds, Series 2017 - On April 11, 2017, the Township issued \$5,226,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The purpose of the bonds is to fund various capital ordinances, specifically 25-08, 26-08, 18-11, and 11-15. The final maturity of the bonds is January 15, 2029.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	500,000.00	60,625.00	560,625.00
2026-2029	<u>2,000,000.00</u>	<u>117,812.50</u>	<u>2,117,812.50</u>
Totals	<u>\$ 5,160,000.00</u>	<u>\$ 534,462.50</u>	<u>\$ 5,694,462.50</u>

The following schedule represents the Township's summary of debt for the current and two previous years.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 8,265,105.00	\$ 9,333,000.00	\$ 7,160,000.00
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>123,833.00</u>	<u>123,833.00</u>	<u>3,281,833.00</u>
Total Issued and Authorized but not Issued	<u>8,388,938.00</u>	<u>9,456,833.00</u>	<u>10,441,833.00</u>
<u>Deductions</u>			
General:			
Funds Temporarily Held To Pay Debt	<u>29,997.86</u>	<u>12,350.00</u>	<u>-</u>
Net Debt	<u>\$ 8,358,940.14</u>	<u>\$ 9,444,483.00</u>	<u>\$ 10,441,833.00</u>

Note 11: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .625%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,372,000.00	\$ 1,372,000.00	
Regional School Debt	6,964,836.78	6,964,836.78	
General	8,388,938.00	29,997.86	\$ 8,358,940.14
	<u>\$ 16,725,774.78</u>	<u>\$ 8,366,834.64</u>	<u>\$ 8,358,940.14</u>

Net debt \$8,358,940.14 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,336,530,228.67, equals .625%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 46,778,558.00
Less: Net Debt	<u>8,358,940.14</u>
Remaining Borrowing Power	<u>\$ 38,419,617.86</u>

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

<u>Description</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>2021</u> <u>Budget</u> <u>Appropriation</u>
Current Fund:		
Overexpenditure of Current Fund Appropriations	\$ 45,831.41	\$ 45,831.41
Overexpenditure of Appropriation Reserves	64,559.28	64,559.28
Deficit in Operations	55,207.28	55,207.28
Federal, State and Other Grant Fund:		
Overexpenditure of Grant Appropriations	241.50	241.50

The appropriations in the 2021 Budget as adopted are not less than that required by the statutes.

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

General Liability
Automotive Liability
Property (including Auto Physical Damage)
Fidelity & Performance (Blanket)
Boiler & Machinery
Workers' Compensation
Police Professional
Public Officials / EPL / Cyber
Volunteer Directors & Officers Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Optional Excess Public Officials & Employments Practices Liability
Optional Excess Liability
Excess Property Including Boiler and Machinery
Crime

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and 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 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, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund
P.O. Box 490
Marlton, New Jersey 08053

Note 14: CONCENTRATIONS

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

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

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

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

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

Note 17: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements:		
Various Landfill Improvements and Acquisition of Capital Equipment	October 12, 2021	\$38,404.00

COVID-19 - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2021.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	1,707,141.22
Increased by Receipts:			
Tax Collector	\$ 42,659,573.57		
Due from State - Senior Citizens & Veterans Deductions	155,250.00		
Federal, State and Other Grant Fund	92,412.69		
Trust Other Fund	658,139.71		
Animal Control Trust Fund	11,139.76		
General Capital Fund	17,647.86		
Revenue Accounts Receivable	3,914,466.00		
Miscellaneous Revenue Not Anticipated	288,177.16		
Marriage License Fee - Due to State of New Jersey	1,375.00		
Uniform Construction Code Fees -Due to State of New Jersey	15,738.00		
Due Library	<u>202,349.71</u>		
			<u>48,016,269.46</u>
			49,723,410.68
Decreased by Disbursements:			
2019 Appropriation Reserves	197,419.21		
2020 Appropriations	12,893,211.61		
County Taxes	9,286,638.35		
Due County for Added and Omitted Taxes	18,921.92		
Local School District Taxes	11,255,491.00		
Regional School Tax	12,474,211.61		
Fire District Taxes	1,995,406.75		
Refund Tax Overpayments	56,640.89		
Marriage License Fee - Due to State of New Jersey	1,375.00		
Uniform Construction Code Fees -Due to State of New Jersey	14,855.00		
Due Library	223,958.56		
Due Borough of Newfield	1,761.12		
Prior Year Adjustment	133,668.06		
Federal, State and Other Grant Fund	95,164.19		
Federal, State and Other Grant Fund - return of general capital fund	72,108.90		
Trust Other Fund	7,400.00		
Trust Municipal Open Space Fund	219,189.29		
General Capital Fund	<u>150,000.58</u>		
			<u>49,097,422.04</u>
Balance December 31, 2020		\$	<u><u>625,988.64</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Current Cash - Collector
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	851,843.24
Increased by Receipts:			
Taxes Receivable	\$ 43,088,990.71		
Tax Title Liens	86,832.78		
Prepaid Taxes	490,180.42		
Tax Overpayments	23,974.64		
Due Borough of Newfield	1,065.47		
Due to Trust Other Fund - Tax Sale Premium	558,100.00		
Due to Trust Other TTL	3,725.93		
Revenue Accounts Receivable:			
Interest and Costs on Taxes	\$ 177,948.49		
Interest on Investments	<u>7,906.02</u>		
	124,770.84		
Miscellaneous Revenue Not Anticipated	<u>898.17</u>		
			<u>44,378,538.96</u>
			45,230,382.20
Decreased by Disbursements:			
Due to Newfield	1,065.47		
Disbursed to Trust Other Fund - Premiums	558,100.00		
Disbursed to Trust Other Fund	119,320.00		
Refund of Overpayment	8,291.96		
Payment to Treasurer	<u>42,659,573.57</u>		
			<u>43,346,351.00</u>
Balance December 31, 2020		\$	<u><u>1,884,031.20</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Change Funds
As of December 31, 2020

<u>Office</u>	<u>Balance Dec. 31, 2019</u>	<u>Returned to Treasurer</u>	<u>Balance Dec. 31, 2020</u>
Tax Collector/Clerk	\$ 150.00	\$	\$ 150.00
Construction	100.00		100.00
Municipal Court	100.00		100.00
	\$ 350.00	\$ -	\$ 350.00

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2020

Year	Balance		Added Taxes	Collections		Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2020
	Dec. 31, 2019	2020 Levy		2019	2020			
Arrears	\$ 8,391.79	\$	\$	\$	\$	\$ 8,391.79	\$	\$
2017	7,193.39					7,193.39		
2018	21,096.38				4,434.00	3,751.86	12,910.52	
2019	880,481.08		7,850.25		821,840.44	110.01	59,799.50	6,581.38
	917,162.64	-	7,850.25	-	826,274.44	19,447.05	72,710.02	6,581.38
2020		43,761,824.30	16,286.21	385,826.61	42,418,591.27	10,243.37	258,447.89	705,001.37
	<u>\$ 917,162.64</u>	<u>\$ 43,761,824.30</u>	<u>\$ 24,136.46</u>	<u>\$ 385,826.61</u>	<u>\$ 43,244,865.71</u>	<u>\$ 29,690.42</u>	<u>\$ 331,157.91</u>	<u>\$ 711,582.75</u>
	Taxes Receivable				\$ 43,088,990.71			
	Senior Citizens and Veterans				155,875.00			
					<u>\$ 43,244,865.71</u>			
	<u>Analysis of 2020 Property Tax Levy</u>							
	<u>Tax Yield:</u>							
	General Property Tax					\$ 43,589,410.42		
	Added Taxes (54:4-63.1 et. seq.)					172,413.88		
							<u>\$ 43,761,824.30</u>	
	<u>Tax Levy:</u>							
	Local School District Tax (Abstract)				\$ 11,287,790.00			
	Regional High School District Tax (Abstract)				12,543,152.00			
						\$ 23,830,942.00		
	County Taxes:							
	County Tax (Abstract)				8,758,681.73			
	County Open Space Tax (Abstract)				527,956.62			
	Due County for Added Taxes				36,956.18			
							9,323,594.53	
	Fire Districts Taxes:							
	Fire District No. 1				480,208.00			
	Fire District No. 2				424,942.00			
	Fire District No. 3				274,112.00			
	Fire District No. 4				531,029.00			
	Fire District No. 5				280,079.00			
							1,990,370.00	
	Local Tax for Municipal Purposes				7,903,985.59			
	Municipal Open Space Tax				123,059.85			
	Due Municipal Open Space for Added & Omitted Taxes				491.79			
	Minimum Library Tax				444,140.00			
	Add: Additional Tax Levied - Added Taxes				134,965.91			
	Add: Additional Tax Levied by Rounding of Tax Rate				10,274.63			
							8,616,917.77	
							<u>\$ 43,761,824.30</u>	

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 1,026,722.78
Increased by:		
Transfers from Taxes Receivable	\$ 331,157.91	
Interest and Costs at Tax Sale	<u>39,022.61</u>	
		<u>370,180.52</u>
		1,396,903.30
Decreased by:		
Collections		<u>86,832.78</u>
Balance December 31, 2020		<u><u>\$ 1,310,070.52</u></u>

Exhibit SA-6

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Property Acquired for Taxes (At Assessed Valuation)
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 1,695,727.51
Decreased by:		
Adjustment for Prior Year Sale	\$ 59,827.51	
Property Dedicated to Open Space	<u>96,400.00</u>	
		<u>156,227.51</u>
Balance December 31, 2020		<u><u>\$ 1,539,500.00</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND

Statement of Due From State of New Jersey - Veterans and Senior Citizens Deductions
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	8,154.38
Increased by:			
Deductions per Tax Billing:			
Senior Citizen	\$	42,500.00	
Veterans		111,625.00	
		154,125.00	
Deductions Allowed by Tax Collector - 2020 Taxes		3,000.00	
		157,125.00	
Deductions Disallowed by Tax Collector - 2020 Taxes		1,250.00	
			155,875.00
			164,029.38
Decreased by:			
Received from State of New Jersey		155,250.00	
Deductions Disallowed by Tax Collector - Prior Years		7,850.25	
			163,100.25
Balance December 31, 2020		\$	929.13
<u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$	154,125.00	
Senior Citizens' and Veterans'			
Deductions Allowed by Tax Collector - 2020 Taxes		3,000.00	
			\$ 157,125.00
Less:			
Senior Citizens' and Veterans'			
Deductions Disallowed by Tax Collector - 2020 Taxes			1,250.00
			\$ 155,875.00

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2020

	Balance Dec. 31, 2019	Accrued In 2020	Collected	Balance Dec. 31, 2020
Miscellaneous Revenue Anticipated:				
Fines and Costs:				
Municipal Court	\$ 22,386.45	\$ 120,151.50	\$ 137,408.44	\$ 5,129.51
Fees:				
Licenses - Alcoholic Beverages		37,728.00	37,728.00	
Other		19,765.25	19,765.25	
Fees and Permits - Certificate of Occupancy		74,233.06	74,233.06	
Interest and Costs on Taxes		116,864.82	116,864.82	
Interest on Investments and Deposits		19,127.98	19,127.98	
Housing Inspection Fees		407,100.00	407,100.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		1,446,156.01	1,446,156.01	
Garden State Trust		5,548.00	5,548.00	
Uniform Construction Codes Fees		237,183.65	237,183.65	
Shared Service Agreements:				
Township of Buena - Joint Municipal Court		80,000.00	80,000.00	
Borough of Newfield - Police Services		477,375.00	477,375.00	
Township of Buena - Police Services		826,875.00	826,875.00	
Other Special Items with Prior Written Consent:				
Uniform Fire Safety Act		23,437.82	23,437.82	
Franchise Fees - Cable Television		72,790.11	72,790.11	
Due from Trust Other		493,781.26	493,781.26	
Borough of Newfield - Court Services Prior Year Balance		24,000.00	24,000.00	
School Resource Officer		157,208.70	157,208.70	
	<u>\$ 22,386.45</u>	<u>\$ 4,639,326.16</u>	<u>\$ 4,656,583.10</u>	<u>\$ 5,129.51</u>
			\$ 3,914,466.00	
			124,770.84	
			<u>617,346.26</u>	
			<u>\$ 4,656,583.10</u>	

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Deferred Charges
 For the Year Ended December 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Created in</u> <u>In 2020</u>	<u>Raised in</u> <u>In 2020</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Overexpenditure of Current Fund Appropriations	\$ 101,786.89	\$ 45,831.41	\$ 101,786.89	\$ 45,831.41
Overexpenditure of Appropriation Reserves	6,186.00	64,559.28	6,186.00	64,559.28
Deficit in Operations	<u>52,713.60</u>	<u>55,207.28</u>	<u>52,713.60</u>	<u>55,207.28</u>
	<u>\$ 160,686.49</u>	<u>\$ 165,597.97</u>	<u>\$ 160,686.49</u>	<u>\$ 165,597.97</u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2020

	<u>December 31, 2019</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed	Overexpended
	Reserved	Encumbered					
OPERATIONS WITHIN "CAPS":							
GENERAL GOVERNMENT FUNCTIONS:							
General Administration:							
Salaries and Wages	\$ 3,000.00		\$ 5,110.11			\$ 5,110.11	
Other Expenses	1,249.81	2,279.42	4,872.23	4,391.76	838.18		357.71
Mayor and Committee:							
Salaries and Wages	0.16		0.16			0.16	
Other Expenses	380.00	130.00	130.00	130.00			
Municipal Clerk:							
Salaries and Wages	1,042.43		(5,457.57)				5,457.57
Other Expenses	27.02		27.02			27.02	
Financial Administration - Treasury:							
Salaries and Wages	6.84		6.84			6.84	
Other Expenses	73.27	2,528.08	(10,298.65)	1,287.08			11,585.73
Audit Services:							
Other Expenses			4,200.00			4,200.00	
Data Processing Center:							
Other Expenses	446.80		1,961.80	1,961.20		0.60	
Revenue Administration - Tax Collection:							
Salaries and Wages	71.38		71.38			71.38	
Other Expenses	12.69	97.00	(1,990.31)	38.37			2,028.68
Legal Services:							
Other Expenses	3,475.74	500.00	3,488.74	2,987.76	500.00	0.98	
Engineering Services:							
Other Expenses	27,769.15		22,792.15	8,928.90		13,863.25	
Historical Sites Office:							
Salaries and Wages	300.00		300.00			300.00	
Other Expenses	985.00						
Municipal Court:							
Other Expenses		4,002.03	4,002.03	4,002.03			
Municipal Land Use Law (N.J.S.A 40:55D-1):							
Planning Board:							
Salaries and Wages	32.43		(2,167.57)				2,167.57
Other Expenses	946.39		458.39		458.00	0.39	
Zoning Board of Adjustment:							
Salaries and Wages	90.47		(2,009.53)				2,009.53
Other Expenses	1,123.60	370.00	370.60	370.00		0.60	
Other Code Enforcement Functions:							
Other Expenses	3,300.00		803.00	802.34		0.66	

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2020

	<u>December 31, 2019</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed	Overexpended
	<u>Reserved</u>	<u>Encumbered</u>					
OPERATIONS WITHIN "CAPS": (CONT'D)							
PUBLIC SAFETY FUNCTIONS:							
Police Department:							
Other Expenses	\$	\$ 3,772.75	\$ 5,872.75	\$ 3,122.23	\$ 509.52	\$ 2,241.00	\$
Office Of Emergency Management:							
Salaries and Wages			(2,000.00)				2,000.00
Other Expenses			430.95			430.95	
Aid to Volunteer Ambulance Corporation:							
Other Expenses	500.00						
Uniform Fire Safety and Inspection Act:							
Salaries and Wages	11.39		(2,188.61)				2,188.61
Other Expenses	807.93		0.93			0.93	
Prosecutor's Office:							
Salaries and Wages	387.28		387.28			387.28	
PUBLIC WORKS FUNCTIONS:							
Road Repairs and Maintenance:							
Salaries and Wages	17.24		(3,682.76)				3,682.76
Other Expenses	2,783.22	20,197.54	20,437.76	19,811.24		626.52	
Public Buildings and Grounds:							
Other Expenses		7,878.86	8,162.86	7,263.86		899.00	
Community Center:							
Salaries and Wages	245.24		0.24			0.24	
Other Expenses	116.31		0.31	1,588.00			1,587.69
Vehicle Maintenance:							
Other Expenses		15,876.46	15,689.46	16,184.40	34.21		529.15
HEALTH AND HUMAN SERVICES FUNCTIONS:							
Public Health Services:							
Salaries and Wages	373.80		(9,626.20)				9,626.20
Other Expenses	186.25	206.19	2,092.44	2,090.59		1.85	
Environmental Commission:							
Salaries and Wages			(1,000.00)				1,000.00
Other Expenses	0.90		(1,403.10)				1,403.10
PARK AND RECREATION FUNCTIONS:							
Recreation Services and Programs:							
Salaries and Wages			(1,500.00)				1,500.00
Other Expenses	85.52		(5,014.48)				5,014.48
Parks and Playgrounds:							
Other Expenses	1,895.22	1,239.00	(1,275.58)	1,239.00			2,514.58
INSURANCE:							
Insurance:							
Workers Compensation	93.52		(2,206.48)				2,206.48
Group Insurance Plans for Employees	3,038.56		(7,699.44)				7,699.44

(Continued)

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2020

	<u>December 31, 2019</u>		Balance After Transfers	Disbursed	Accounts Payable	Balance Lapsed	Overexpended
	<u>Reserved</u>	<u>Encumbered</u>					
OPERATIONS WITHIN "CAPS": (CONT'D)							
OTHER COMMON OPERATING FUNCTIONS:							
Celebration of Public Events:							
Other Expenses	\$ 691.38	\$ 224.19	\$ 544.57	\$ 200.00	\$ 224.19	\$ 120.38	\$
UTILITY EXPENSES AND BULK PURCHASES:							
Electricity	2,807.51	45.16	17,352.67	15,644.29	45.16	1,663.22	
Street Lighting	10,040.70		0.70			0.70	
Telephone	1,519.24		2,464.24	2,142.36		321.88	
Gas (Natural/Propane)	7,045.14	12,529.93	6,106.63	1,585.52		4,521.11	
Diesel Fuel			1,863.92			1,863.92	
Gasoline		3,254.72	7,217.52	3,289.75		3,927.77	
Landfill Disposal Costs		83,338.18	120,746.82	83,338.18		37,408.64	
STATE UNIFORM CONSTRUCTION CODE:							
Construction Official:							
Salaries and Wages	423.94		423.94			423.94	
Other Expenses	536.26	147.11	1,475.37	1,380.40	94.58	0.39	
UNCLASSIFIED:							
Cable Television Commission:							
Salaries and Wages	5,788.28		5,580.28			5,580.28	
Other Expenses	360.02		0.02			0.02	
STATUTORY EXPENDITURES:							
Contribution to:							
Defined Contribution Retirement Program	34.45		34.45			34.45	
Social Security System (O.A.S.I.)	6,354.28		43,133.10			43,133.10	
OPERATIONS EXCLUDED FROM "CAPS" :							
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	2,367.70		2,367.70			2,367.70	
Other Expenses	3,014.13		3,014.13			3,014.13	
Police Services - Borough of Newfield:							
Other Expenses	2,312.82		2,312.82			2,312.82	
Police Services - Township of Buena:							
Other Expenses	10,903.94		10,903.94	7,956.95		2,946.99	
GRAND TOTAL	\$ 114,758.35	\$ 158,616.62	\$ 273,374.97	\$ 197,419.21	\$ 2,703.84	\$ 137,811.20	\$ 64,559.28

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2020

Balance December 31, 2019 (2020) Taxes		\$ 385,826.61
Increased by:		
Collection (2021) Taxes	\$ 490,180.42	
Transfer from Overpayments	<u>46,420.21</u>	
		<u>536,600.63</u>
		922,427.24
Decreased by:		
Application to 2020 Taxes		<u>385,826.61</u>
Balance December 31, 2020 (2021) Taxes		<u><u>\$ 536,600.63</u></u>

Exhibit SA-12

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 136.38
Accrued in 2020:		
Cash Received	\$ 23,974.64	
Refund of Prior Year Revenue	<u>114,208.09</u>	
		<u>138,182.73</u>
		138,319.11
Decreased by:		
Refunds - Treasurer Cash	56,640.89	
Refunds - Collector Cash	8,291.96	
Transferred to Prepaid Taxes	<u>46,420.21</u>	
		<u>111,353.06</u>
Balance December 31, 2020		<u><u>\$ 26,966.05</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2020

Accrued in 2020:		
2020 Levy:		
County General	\$ 8,758,681.73	
County Open Space	<u>527,956.62</u>	
		\$ 9,286,638.35
Decreased by:		
Disbursements		<u><u>\$ 9,286,638.35</u></u>

Exhibit SA-14

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Amount Due to County For Added Taxes
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 18,921.92
Increased by:		
County Share of Added Taxes		<u>36,956.18</u>
		55,878.10
Decreased by:		
Disbursements		<u>18,921.92</u>
Balance December 31, 2020		<u><u>\$ 36,956.18</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2020

Balance December 31, 2019	\$	270,211.98
Increased by:		
Levy 2020 (Calendar Year)		<u>11,287,790.00</u>
		11,558,001.98
Decreased by:		
Disbursements		<u>11,255,491.00</u>
Balance December 31, 2020	\$	<u><u>302,510.98</u></u>

Exhibit SA-16

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Regional High School District Tax
For the Year Ended December 31, 2020

Balance December 31, 2019	\$	203,664.53
Increased by:		
Levy 2020 (Calendar Year)		<u>12,543,152.00</u>
		12,746,816.53
Decreased by:		
Disbursements		<u>12,474,211.61</u>
Balance December 31, 2020	\$	<u><u>272,604.92</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Due to Fire Districts
For the Year Ended December 31, 2020

Balance December 31, 2019		\$	7,086.75
Accrued in 2020:			
Levy-Calendar Year:			
Fire District No. 1	\$	480,208.00	
Fire District No. 2		424,942.00	
Fire District No. 3		274,112.00	
Fire District No. 4		531,029.00	
Fire District No. 5		280,079.00	
			1,990,370.00
			1,997,456.75
Decreased by:			
Disbursements:			
Fire District No. 1		480,622.00	
Fire District No. 2		425,467.25	
Fire District No. 3		274,486.50	
Fire District No. 4		534,752.00	
Fire District No. 5		280,079.00	
			1,995,406.75
Balance December 31, 2020		\$	2,050.00
<u>Analysis of Balance December 31, 2020:</u>			
Fire District No. 3		\$	2,050.00

Exhibit SA-18

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Due to State of New Jersey - Marriage License Fees
For the Year Ended December 31, 2020

Accrued in 2020:			
Increased by:			
Receipts by Township Clerk		\$	1,375.00
Decreased by:			
Payments by Township Clerk		\$	1,375.00

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Municipal Open Space Taxes Payable
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 219,189.29
Increased by:		
2020 Levy (Calendar Year)		
Municipal Open Space Tax	\$ 123,059.85	
Added & Omitted Taxes	491.79	
		123,551.64
		342,740.93
Decreased by:		
Payments		219,189.29
Balance December 31, 2020		\$ 123,551.64

Exhibit SA-20

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Accounts Payable
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 23,319.06
Increased by:		
Transferred from 2019 Appropriation Reserve		2,703.84
Balance December 31, 2020		\$ 26,022.90

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Due State of New Jersey
 Uniform Construction Code - State Training Fees
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 7,664.00
Increased by:		
Receipts		<u>15,738.00</u>
		23,402.00
Decreased by:		
Payments		<u>14,855.00</u>
Balance December 31, 2020		<u><u>\$ 8,547.00</u></u>

Exhibit SA-22

TOWNSHIP OF FRANKLIN
CURRENT FUND
 Statement of Due From Borough of Newfield
 For the Year Ended December 31, 2020

Accrued in 2020:		
Increased by:		
Collection - Tax Collector		\$ <u>1,065.47</u>
		1,065.47
Decreased by:		
Disbursed - Collector	\$ 1,065.47	
Disbursed - Treasurer	<u>1,761.12</u>	
		<u>2,826.59</u>
Balance December 31, 2020 (Due From)		<u><u>\$ (1,761.12)</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Other Reserves
For the Year Ended December 31, 2020

<hr/>		
Balance December 31, 2019		
Senior Citizens' Activities	\$	1,969.83
Performance Bonds		4,740.00
Deposits for Sale of Land		3,650.00
Master Plan		<u>15,159.42</u>
		25,519.25
Decreased by:		
Canceled by Resolution		
Performance Bonds	\$	4,740.00
Deposits for Sale of Land		3,650.00
Master Plan		<u>15,159.42</u>
		<u>23,549.42</u>
Balance December 31, 2020	\$	<u><u>1,969.83</u></u>
Ananalysis of Balance December 31, 2020		
Senior Citizens' Activities	\$	<u><u>1,969.83</u></u>

TOWNSHIP OF FRANKLIN
CURRENT FUND
Statement of Due from (To) Library
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 49,278.78
Increased by:		
Cash Disbursed for Library Payroll		<u>223,958.56</u>
		273,237.34
Decreased by:		
Cash Received from the Library		
Reimburse Payroll	\$ 201,777.71	
Payroll Fees	<u>572.00</u>	
		<u>202,349.71</u>
Balance December 31, 2020		<u><u>\$ 70,887.63</u></u>

TOWNSHIP OF FRANKLIN
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 346,840.71
Increased by:		
Local Match Due from Current Fund - Grants Appropriated	\$ 1,375.00	
Overexpenditures Raised in the Current Fund Budget	297,253.83	
Grants Receivable Canceled	50,995.30	
Grants Appropriated in Current Fund Budget	898,482.18	
Cash Received in Current Fund:		
Grants Receivable	<u>92,412.69</u>	
		<u>1,340,519.00</u>
		1,687,359.71
Decreased by:		
Operations:		
Cancellation of Federal, State and Other Grants Appropriated	54,129.98	
Expenditures Paid by the Current Fund - Grants Appropriated	95,164.19	
Grants Receivable in Current Fund Budget	1,144,929.01	
Interfund Returned to General Capital Fund	<u>72,108.90</u>	
		<u>1,366,332.08</u>
Balance December 31, 2020		<u><u>\$ 321,027.63</u></u>

TOWNSHIP OF FRANKLIN
FEDERAL, STATE AND OTHER GRANT FUND
 Statement of Federal, State and Other Grants Receivable
 For the Year Ended December 31, 2020

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Accrued</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Federal Grants:					
Federal Emergency Management Agency					
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	
	<u>58,607.19</u>			<u>50,995.30</u>	
Total Federal Grants	58,607.19	-	-	50,995.30	7,611.89
State Grants:					
New Jersey Transportation Trust Fund Authority Act of 1984					
Reconstruction of Grant Avenue	82.26				82.26
Reconstruction of Weymouth Road - Phase III	227,458.39				227,458.39
NJDOT - Dutch Mill Phase 4		225,000.00			225,000.00
NJDOT - Pennsylvania Ave. Phase 1		275,000.00			275,000.00
Green Acres Grant - Piney Hollow		200,000.00			200,000.00
Municipal Alliance Grant	11,207.40	5,500.00	13,279.48		3,427.92
FY2019 Body Armor		4,109.18	4,109.18		
Clean Communities Grant		45,565.05	45,565.05		
Emergency Management Assistance Program	5,000.00				5,000.00
Gloucester County Improvement Authority	500.00				500.00
	<u>244,248.05</u>	<u>755,174.23</u>	<u>62,953.71</u>	<u>-</u>	<u>936,468.57</u>
Total State Grants	244,248.05	755,174.23	62,953.71	-	936,468.57
Local Grants:					
JIF Wellness Incentive Program		1,250.00	1,249.98		0.02
JIF Optional Safety Budget Program		3,500.00	3,500.00		
JIF EPL/Cyber Risk Management Awards	284.05	2,500.00	2,459.00		325.05
JIF Safety Incentive Program Awards	182.32	4,050.00	4,050.00		182.32
ANJEC Grant - Environmental Commission	1,500.00				1,500.00
ANJEC Grant - Environmental Commission		18,200.00	18,200.00		
	<u>1,966.37</u>	<u>29,500.00</u>	<u>29,458.98</u>	<u>-</u>	<u>2,007.39</u>
Total Local Grants	1,966.37	29,500.00	29,458.98	-	2,007.39
	<u>\$ 304,821.61</u>	<u>\$ 784,674.23</u>	<u>\$ 92,412.69</u>	<u>\$ 50,995.30</u>	<u>\$ 946,087.85</u>

TOWNSHIP OF FRANKLIN
FEDERAL, STATE AND OTHER GRANT FUND
 Statement of Reserve for Federal, State and Other Grants - Unappropriated
 For the Year Ended December 31, 2020

<u>Program</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred to Grants Receivable</u>	<u>Realized as Revenue</u>	<u>Balance Dec. 31, 2020</u>
State Grants:				
Municipal Alliance for Alcohol and Drug Abuse	\$	\$ 5,500.00	\$ 5,500.00	\$
Body Armor Grant - 2018	3,411.96		3,411.96	
FY2019 Body Armor		4,109.18	4,109.18	
NJDOT - Dutch Mill Phase 3	246,446.83		246,446.83	
NJDOT - Dutch Mill Phase 4		225,000.00	225,000.00	
NJDOT - Pennsylvania Ave. Phase 1		275,000.00	275,000.00	
Green Acres Grant - Piney Hollow		200,000.00	200,000.00	
Clean Communities Grant - FY2019	49,765.72		49,765.72	
Clean Communities Grant - FY2020		45,565.05	45,565.05	
Recycling Tonnage Grant - 2016	55,164.82		55,164.82	
Recycling Tonnage Grant	19,278.61		19,278.61	
Total State Grants	<u>374,067.94</u>	<u>755,174.23</u>	<u>1,129,242.17</u>	<u>-</u>
Other Grants				
JIF Wellness Reimbursement	1,250.00		1,250.00	
JIF Wellness Reimbursement		1,250.00	1,250.00	
JIF Optional Safety Budget Program	3,136.84		3,136.84	
JIF Optional Safety Budget Program		3,500.00	3,500.00	
JIF EPL/Cyber Risk Management Awards		2,500.00	2,500.00	
JIF Safety Incentive Program Awards		4,050.00	4,050.00	
Genna - Police		18,200.00		18,200.00
Total Other Grants	<u>4,386.84</u>	<u>29,500.00</u>	<u>15,686.84</u>	<u>18,200.00</u>
	<u>\$ 378,454.78</u>	<u>\$ 784,674.23</u>	<u>\$ 1,144,929.01</u>	<u>\$ 18,200.00</u>

TOWNSHIP OF FRANKLIN
FEDERAL , STATE AND OTHER GRANT FUND
Statement of Reserve For Federal, State and Other Grants - Appropriated
For the Year Ended December 31, 2020

Program	Balance December 31, 2019		Transferred from 2020 Budget Appropriation		Disbursed/ Refunded	Encumbered	Canceled	Balance Dec. 31, 2020
	Reserved	Encumbered		Transferred				
Federal Grants:								
Bulletproof Vest Fund	\$ 3,767.77	\$	\$	\$	\$ 3,767.77	\$	\$	\$
Community Development Block Grant	674.48						674.48	
CDBG - New Jersey Avenue and Maple Avenue Road Project	50,000.00						50,000.00	
CDBG - Newfield Community Center	3,455.50						3,455.50	
Total Federal Grants	57,897.75	-	-	-	3,767.77	-	54,129.98	-
State Grants:								
New Jersey Transportation Trust Fund Authority Act of 1984								
Reconstruction of Grant Avenue	3,462.26							3,462.26
Reconstruction of Weymouth Road - Phase III	227,458.39							227,458.39
NJDOT - Dutch Mill Phase 4			225,000.00		2,594.50	176,770.00		45,635.50
NJDOT - Pennsylvania Ave. Phase 1			275,000.00		3,432.50	224,567.50		47,000.00
Green Acres Grant - Piney Hollow			200,000.00					200,000.00
FY2018 Body Armor			3,411.96					3,411.96
FY2019 Body Armor			4,109.18					4,109.18
Clean Communities Grant 2016	23,556.69				23,497.49			59.20
Clean Communities Grant 2017	27,994.61				26,317.48			1,677.13
Clean Communities Grant 2018	29,496.62	11,739.59			15,778.61			25,457.60
Clean Communities Grant 2019			49,765.72					49,765.72
Clean Communities Grant 2020			45,565.05					45,565.05
Recycling Tonnage Grant 2016	19,522.65							19,522.65
Recycling Tonnage Grant prior	29,540.24			(40.84)				29,499.40
Recycling Tonnage Grant 2015	20,425.20				719.20			19,706.00
Recycling Tonnage Grant 2017	2,275.36			40.84	2,316.20			
Recycling Tonnage Grant	20,405.64	100.00						20,505.64
Recycling Tonnage Grant			74,443.43					74,443.43
Drunk Driving Enforcement Fund	1,066.43				994.50			71.93
Emergency Management Assistance	2,550.64							2,550.64
Alcohol Education and Rehabilitation	1,636.70							1,636.70
Alcohol Education and Rehabilitation 2018	193.02							193.02
Municipal Drug Alliance		2,691.00	5,500.00		6,411.96			1,779.04
Municipal Drug Alliance - Grant Match			1,375.00		1,375.00			
Total State Grants	409,584.45	14,530.59	884,170.34	-	83,437.44	401,337.50	-	823,510.44

(Continued)

TOWNSHIP OF FRANKLIN
 FEDERAL , STATE AND OTHER GRANT FUND
 Statement of Reserve For Federal, State and Other Grants - Appropriated
 For the Year Ended December 31, 2020

Program	Balance December 31, 2019		Transferred from 2020 Budget Appropriation	Transferred	Disbursed/ Refunded	Encumbered	Canceled	Balance Dec. 31, 2020
	Reserved	Encumbered						
Local Grants:								
ANJEC Grant - Environmental Commission	\$ 10,800.00	\$	\$	\$	\$	\$	\$	\$ 10,800.00
JIF Optional Safety Budget Program	313.16							313.16
JIF EPL/Cyber Risk Management Awards	100.15							100.15
JIF Safety Incentive Program Awards	3,755.55							3,755.55
JIF Wellness Reimbursement - FY2020			2,500.00		1,249.98			1,250.02
JIF Optional Safety Budget Program - FY2020			6,636.84		3,500.00			3,136.84
JIF EPL/Cyber Risk Management Awards - FY2020			2,500.00		2,459.00			41.00
JIF Safety Incentive Program Awards			4,050.00		750.00			3,300.00
Newfield Bank K9	1,612.32							1,612.32
Total Local Grants	16,581.18	-	15,686.84	-	7,958.98	-	-	24,309.04
	<u>\$ 484,063.38</u>	<u>\$ 14,530.59</u>	<u>\$ 899,857.18</u>	<u>\$ -</u>	<u>\$ 95,164.19</u>	<u>\$ 401,337.50</u>	<u>\$ 54,129.98</u>	<u>\$ 847,819.48</u>
Realized as Revenue in Budget			\$ 898,482.18		\$			
Local Match - Due from Current Fund			1,375.00					
Expenditures by Current Fund					95,164.19			
			<u>\$ 899,857.18</u>		<u>\$ 95,164.19</u>			

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF FRANKLIN
TRUST FUND
 Schedule of Cash
 For the Year Ended December 31, 2020

	<u>Animal Control Fund</u>	<u>Trust-Other Fund</u>	<u>Municipal Open Space Fund</u>
Balance December 31, 2019	\$ 59,997.56	\$ 1,688,636.54	\$ 599,634.22
Increased by:			
Animal Control License Fees	\$ 19,122.60		
Due to State of NJ - Department of Health	5,318.40		
Due Current Fund	85.00	\$ 127,390.46	\$ 219,189.29
Due General Capital		84,557.78	
Municipal Open Space - Revenue Realized			8,403.32
Miscellaneous Trust Reserves:			
Payroll Deductions Payable		7,660,098.24	
Performance Bond		151.14	
Police Canine Unit		14,666.00	
Police Forfeited Funds		8,831.80	
Public Defender		5,040.00	
Recreation Commission		4,973.23	
Site Plan Review Escrow		61,483.25	
Tax Title Liens Redemptions		759,984.10	
Tax Title Liens Premiums		558,100.00	
Police Outside Detail		79,059.85	
Police Outside Employment		174,434.27	
Miscellaneous'		3,888.37	
Uniform Fire Dedicated Penalties		4.20	
	<u>24,526.00</u>	<u>9,542,662.69</u>	<u>227,592.61</u>
Subtotal	84,523.56	11,231,299.23	827,226.83
Decreased by:			
Reserve for Animal Control Fund Expenditures	15,072.16		
Due to State of NJ - Department of Health	5,337.60		
Due Current Fund	11,139.76	658,139.71	
Miscellaneous Trust Reserves:			
Payroll Deductions Payable		7,707,195.99	
Police Canine Unit		5,294.51	
Public Defender		8,974.24	
Recreation Commission		7,374.22	
Senior Citizens		550.00	
Site Plan Review Escrow		48,688.00	
Tax Title Liens Redemptions		746,506.50	
Tax Title Liens Premiums		343,100.00	
Crime Stoppers		1,087.00	
Police Outside Employment		106,162.59	
Police Unity		11,975.13	
Police Youth Week		376.31	
Miscellaneous'		303.20	
Reserve for Municipal Open Space			149,081.86
	<u>31,549.52</u>	<u>9,645,727.40</u>	<u>149,081.86</u>
Balance December 31, 2020	<u>\$ 52,974.04</u>	<u>\$ 1,585,571.83</u>	<u>\$ 678,144.97</u>

TOWNSHIP OF FRANKLIN
TRUST FUND
 Animal Control Fund
 Statement of Due to Current Fund
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$	11,139.76
Increased by:			
Excess Funds Due to Current Fund	\$	3,063.64	
Kennel Fees Collected Due to Current Fund		85.00	
			3,148.64
			14,288.40
Decreased by:			
Interfund Returned to Current Fund			11,139.76
Balance December 31, 2020		\$	3,148.64

Exhibit SB-3

TOWNSHIP OF FRANKLIN
TRUST FUND
 Animal Control Fund
 Statement of Due to State of New Jersey - Department of Health
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$	19.20
Increased by:			
2020 State License Fees			5,318.40
			5,337.60
Decreased by:			
Disbursements to the State		\$	5,337.60

TOWNSHIP OF FRANKLIN
TRUST FUND
 Animal Control Fund
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$	48,938.60
Increased by:			
Dog License Fees Collected			19,122.60
			68,061.20
Decreased by:			
Expenditures Under N.J.S.A. 4:19-15.11: Disbursed	\$		15,072.16
Statutory Excess Due to Current Fund			3,063.64
			18,135.80
Balance December 31, 2020		\$	49,925.40

License Fees Collected	
Year	Amount
2018	\$ 25,783.20
2019	24,142.20
	\$ 49,925.40

TOWNSHIP OF FRANKLIN
TRUST FUND
Trust Other Fund
Schedule of Due (To)/From Current Fund
For the Year Ended December 31, 2020

	Balance December 31, 2019	Increased By		Decreased By		Balance December 31, 2020
		Disbursed to Current Fund	Received in Current Fund	Due to Current	Receipts	
Trust Other	\$ (444,917.41)	\$ 658,124.14	\$	\$ 214,942.55	\$ 1,955.10	\$ (3,690.92)
Public Defenders	(15.57)	15.57			2.80	(2.80)
Site Plan Review Escrow					6,650.00	(6,650.00)
Police Outside Emp				18,405.26		(18,405.26)
Uniform Fire Safety Penalty					750.00	(750.00)
Payroll Deductions Payable			3,413.87			3,413.87
Tax Premiums	(345,200.00)			70,800.00	118,032.56	(534,032.56)
	<u>\$ (790,132.98)</u>	<u>\$ 658,139.71</u>	<u>\$ 3,413.87</u>	<u>\$ 304,147.81</u>	<u>\$ 127,390.46</u>	<u>\$ (560,117.67)</u>
			Received from Current		\$ 7,400.00	
			Received from Tax Collector		118,000.00	
			Received in Trust Fund		1,990.46	
					<u>\$ 127,390.46</u>	

TOWNSHIP OF FRANKLIN
TRUST FUND
 Trust Other Fund
 Statement of Miscellaneous Trust Reserves
 For the Year Ended December 31, 2020

	Balance Dec. 31, 2019	Receipts Fees, Refunds and Donations			Disbursements		Due to Current Fund	Balance Dec. 31, 2020
		Treasurer	Collector	Due from Current Fund	Treasurer	Collector		
Community Policing	\$ 399.11	\$	\$	\$	\$	\$	\$	\$ 399.11
Community Fund	30.00							30.00
Fireman's Park	4,000.00							4,000.00
Flags and Videos	690.00							690.00
Historical Society	3,193.00							3,193.00
Municipal Alliance Grant	160.00							160.00
Payroll Deductions Payable	60,006.87	7,660,098.24		3,413.87	7,707,195.99			16,322.99
Performance Bond	16,800.60	151.14					15,932.74	1,019.00
P.O.A.A.	183.73							183.73
Police Canine Unit	4,600.79	14,666.00			5,294.51		3,348.92	10,623.36
Police Forfeited Funds	31,638.36	8,831.80						40,470.16
Public Defender	37,275.00	5,040.00			8,974.24			33,340.76
Recreation Commission	4,562.06	4,973.23			7,374.22			2,161.07
Senior Citizens	33,841.42				550.00			33,291.42
Site Plan Review Escrow	317,049.19	61,483.25			48,688.00			329,844.44
Tax Title Liens Redemptions	20,142.43		759,984.10			746,506.50		33,620.03
Tax Title Liens Premiums	228,500.00		558,100.00			343,100.00	70,800.00	372,700.00
Train Station Donations	2,731.53							2,731.53
Crime Stoppers	1,087.00				1,087.00			
Police Outside Detail	197,242.20	79,059.85					195,660.89	80,641.16
Police Outside Employment - new 2020 bank acct		174,434.27			106,162.59		18,405.26	49,866.42
Police Unity	11,975.13				11,975.13			
Police Youth Week	376.31				376.31			
Miscellaneous'	3,719.00	3,888.37			303.20			7,304.17
Uniform Fire Dedicated Penalties	2,857.61	4.20						2,861.81
Total	\$ 983,061.34	\$ 8,012,630.35	\$ 1,318,084.10	\$ 3,413.87	\$ 7,897,981.19	\$ 1,089,606.50	304,147.81	\$ 1,025,454.16

TOWNSHIP OF FRANKLIN
TRUST FUND
 Municipal Open Space Fund
 Statement of Reserve for Municipal Open Space
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 734,728.99
Increased by:		
2020 Revenue Realized	\$ 131,954.96	
Unexpended Balance of Appropriation Reserves	84,094.52	
		216,049.48
Subtotal		950,778.47
Decreased by:		
2020 Budget Appropriations	123,059.85	
2020 Expenditures	149,081.86	
		272,141.71
Balance December 31, 2020		\$ 678,636.76

TOWNSHIP OF FRANKLIN
TRUST FUND
 Municipal Open Space Fund
 Due from Current Fund
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 219,189.29
Increased by:		
2020 Revenue Realized Collected in the Current Fund	123,551.64	
		342,740.93
Decreased by:		
Interfund Returned	219,189.29	
Balance December 31, 2020		\$ 123,551.64

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Schedule of Cash
 For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 157,829.40
Increased by:		
Transfer from Federal and State Grant Fund	\$ 72,108.90	
Bond Anticipation Note Proceeds	3,105,105.00	
Bond Anticipation Note Premium	17,647.86	
Due to Current Fund	150,000.58	
		3,344,862.34
Subtotal		3,502,691.74
Decreased by:		
Transfers to Trust Fund	84,557.78	
Bond Anticipation Note Proceeds paid to Current Fund	3,122,752.86	
Improvement Authorizations	79,696.07	
		3,287,006.71
Balance December 31, 2020		\$ 215,685.03

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2020

	Balance	Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2019	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2020	
Capital Improvement Fund	\$ 160,583.00				\$ 65,000.00		\$ 95,583.00	
Grants Receivable	(102,439.74)						(102,439.74)	
Due Current Fund	(149,390.78)	150,000.58		17,647.86			(17,038.06)	
Due to Federal and State Grant	(72,108.90)	72,108.90						
Due to Trust Other Fund	84,557.78			84,557.78				
Reserve for Debt Service	12,350.00	17,647.86					29,997.86	
Reserve for Encumbrances	9,585.37				9,585.37	3,674.00	3,674.00	
<u>Improvement Authorizations:</u>								
<u>Ordinance Number</u>								
26-08, 15-14	Supplemental Environmental Cleanup	2,838.23						2,838.23
18-11	Various Capital Improvements:							
	Purchase Automated Trash and Recycling Cans	425.50						425.50
	Purchase Various Radios and Equipment	9,000.00						9,000.00
	for Meredith Farms Redevelopment Project	891.52						891.52
04-13	Acquisition of Equipment for Police	680.76						680.76
14-14	Construction of a Venting System for the Landfill	(23,500.00)						(23,500.00)
11-15	Various Capital Improvements:							
	Acquisition of Public Works Equipment	4,824.00	3,370.60					1,453.40
	Phase I Park Improvements	121,203.70	2,202.80		3,028.00	3,028.00		119,000.90
	Repaving and/or Reconstruction of Various Roads	4,095.22						4,095.22
	Repaving and/or Reconstruction of Grant Avenue	29,267.75						29,267.75
	Various Improvements to the Community Center	116.33						116.33
14-16	Various Capital Improvements:							
	Purchase 4-Ton Diesel Fire Road Maintenance 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	(99,476.25)					1,693.70	(97,782.55)
14-17	Road Program - 2017	1,693.70			1,693.70			
17-17	Purchase of Trash Trucks	15,710.99						15,710.99
03-18	Purchase of 4 Trash Trucks	27,260.92						27,260.92
05-18	Various Capital Improvements:							
	Roadway and Drainage Improvements					2,989.75		2,989.75
	Purchase of Police Vehicles/Equipment	26,267.82						26,267.82
	Acquisition of Bleachers for Sports Complex	27,667.00						27,667.00
	Purchase of Public Works Equipment					3,567.62		3,567.62
	New Server for Channel 9 Transmitting Equipment	8,000.00	8,000.00					
	Direct Install. Program Lighting & HVAC Improvements	25,812.41	2,453.67					23,358.74
	Real Property Acquisition: Block 4901, Lot 8	6,540.00						6,540.00
07-20	Improvements to Various Township Facilities		29,315.00				30,000.00	685.00
	Purchase of Tire Mounting Machine and Spin Balance		8,000.00				8,000.00	
	Resurfacing Pennsylvania Avenue		26,354.00		646.00	27,000.00		
		\$ 157,829.40	\$ 239,757.34	\$ 79,696.07	\$ 102,205.64	\$ 79,953.07	\$ 79,953.07	\$ 215,685.03

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Schedule of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 6,175,000.00
Decreased by:	
Budget Appropriation to Pay:	
General Serial Bonds	<u>1,015,000.00</u>
Balance December 31, 2020	<u><u>\$ 5,160,000.00</u></u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation - Unfunded
 For the Year Ended December 31, 2020

Ordinance No.	Improvement Description	Balance Dec. 31, 2019	Notes Funded by Budget Appropriation	Balance Dec. 31, 2020	Analysis of Balance Dec. 31, 2020		
					Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
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	2,217.45
14-17	Road Program-2017	570,000.00	9,547.00	560,453.00	560,453.00		
17-17	Purchase of Trash Trucks	435,000.00	7,286.00	427,714.00	427,714.00		
03-18	Purchase of 4 Trash Trucks	950,000.00	15,912.00	934,088.00	934,088.00		
05-18	Various Capital Improvements		20,150.00	(20,150.00)	(20,150.00)	(20,150.00)	
	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 & HV AC 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		
		<u>\$ 3,281,833.00</u>	<u>\$ 52,895.00</u>	<u>\$ 3,228,938.00</u>	<u>\$ 3,105,105.00</u>	<u>\$ 101,465.55</u>	<u>\$ 2,217.45</u>
	Improvement Authorizations - Unfunded						\$ 134,580.29
	Less: Unexpected Proceeds of Bond Anticipation Notes Issued:						
	Ordinance 17-17					\$ 15,710.99	
	Ordinance 03-18					27,260.92	
	Ordinance 05-18					89,390.93	
							<u>132,362.84</u>
							<u>\$ 2,217.45</u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Schedule of Due From / (To) Current Fund
 For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 149,390.78
Increased by:	
Bond Anticipation Note Premium Paid to Current Fund	<u>17,647.86</u>
	167,038.64
Decreased by:	
Cash Received from Current Fund	<u>150,000.58</u>
Balance December 31, 2020	<u><u>\$ 17,038.06</u></u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Schedule of Serial Bonds Payable
 For the Year Ended December 31, 2020

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2020		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Amount				
2012 Refunding Bonds	8/22/2012	\$ 5,445,000.00	5/1/2021	\$ 785,000.00	3.00%	\$ 1,525,000.00	\$ 740,000.00	\$ 785,000.00
2017 General Obligation Bonds	4/11/2017	5,226,000.00	1/15/2021	275,000.00	2.00%	4,650,000.00	275,000.00	4,375,000.00
			1/15/2022	550,000.00	2.00%			
			1/15/2023	550,000.00	2.00%			
			1/15/2024	500,000.00	2.00%			
			1/15/2025	500,000.00	2.00%			
			1/15/2026	500,000.00	2.13%			
			1/15/2027	500,000.00	3.00%			
			1/15/2028	500,000.00	3.00%			
			1/15/2029	500,000.00	3.00%			
						<u>\$ 6,175,000.00</u>	<u>\$ 1,015,000.00</u>	<u>\$ 5,160,000.00</u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Maturity Date	Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
14-17	Road Program -2017	\$ 570,000.00	12/20/17	07/18/19	07/17/20	2.000%	\$ 570,000.00	\$	\$ 570,000.00	\$
14-17	Road Program -2017	570,000.00	12/20/17	07/16/20	07/16/21	1.250%		560,453.00		560,453.00
17-17	Purchase of Trash Trucks	435,000.00	12/20/17	07/18/19	07/17/20	2.000%	435,000.00		435,000.00	
17-17	Purchase of Trash Trucks	435,000.00	12/20/17	07/16/20	07/16/21	1.250%		427,714.00		427,714.00
03-18	Purchase of Trash Trucks	950,000.00	07/18/19	07/18/19	07/17/20	2.000%	950,000.00		950,000.00	
03-18	Purchase of Trash Trucks	950,000.00	07/18/19	07/16/20	07/16/21	1.250%		934,088.00		934,088.00
05-18	Various Capital Improvements	1,203,000.00	07/18/19	07/18/19	07/17/20	2.000%	1,203,000.00		1,203,000.00	
05-18	Various Capital Improvements	1,203,000.00	07/18/19	07/16/20	07/16/21	1.250%		1,182,850.00		1,182,850.00
							<u>\$ 3,158,000.00</u>	<u>\$ 3,105,105.00</u>	<u>\$ 3,158,000.00</u>	<u>\$ 3,105,105.00</u>
								\$	\$ 52,895.00	
								<u>3,105,105.00</u>	<u>3,105,105.00</u>	
								<u>\$ 3,105,105.00</u>	<u>\$ 3,158,000.00</u>	

Paid by Budget Appropriation
Rollover

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2020

Improvement Description	Ord. No.	Ordinance		Dec. 31, 2019			2020 Authorizations	Paid or Charged	Dec. 31, 2020	
		Date	Amount	Funded	Unfunded	Encumbrances	Capital Improvement Fund		Funded	Unfunded
Various Capital Improvements: Supplemental Environmental Cleanup	26-08, 15-14	6/24/14	\$ 288,124.00	\$ 2,838.23	\$	\$	\$	\$	2,838.23	\$
Various Capital Improvements: Purchase Automated Trash and Recycling Cans	18-11	12/13/11	335,500.00	425.50					425.50	
Purchase Various Radios and Equipment		12/13/11	9,000.00	9,000.00					9,000.00	
Construction of Various Infrastructure Improvements for Meredith Farms Redevelopment Project		12/13/11	1,500,000.00	891.52					891.52	
Acquisition of Equipment for Police	04-13	2/26/13	153,030.00	680.76					680.76	
Various Capital Improvements: Acquisition of Public Works Equipment	11-15	6/9/15	100,000.00	4,824.00				3,370.60	1,453.40	
Phase I Park Improvements		6/9/15	200,000.00	121,203.70		3,028.00		5,230.80	119,000.90	
Repaving and/or Reconstruction of Various Roads		6/9/15	200,000.00	4,095.22					4,095.22	
Repaving and/or Reconstruction of Grant Avenue		6/9/15	470,000.00	29,267.75					29,267.75	
Various Improvements to the Community Center		6/9/15	15,000.00	116.33					116.33	
Various Capital Improvements: Purchase 4-Ton Diesel Fire Road Maintenance Vehicle	14-16	11/2/16	42,000.00	2,113.00					2,113.00	
Construction of Hockey Rink		11/2/16	150,000.00	2,319.45					2,319.45	
Purchase of Metal Gates		11/2/16	9,000.00	9,000.00					9,000.00	
Purchase of Brine Equipment		11/2/16	9,000.00	3,489.28					3,489.28	
Purchase 4-Wheel Drive Police Vehicles	11-17	6/8/17	197,108.34	8,451.34					8,451.34	
Purchase Public Works Equipment	13-17	7/13/17	100,000.00		2,217.45					2,217.45
Purchase of Trash Trucks	17-17	8/10/17	460,000.00		15,710.99					15,710.99
Purchase of 4 Trash Trucks	03-18	3/13/18	1,000,000.00		27,260.92					27,260.92
Various Capital Improvements: Roadway and Drainage Improvements	05-18	5/22/18	625,000.00			2,989.75				2,989.75
Purchase of Police Vehicles/Equipment		5/22/18	217,500.00		26,267.82					26,267.82
Acquisition of Bleachers for Sports Complex		5/22/18	28,000.00	1,333.00	26,667.00				1,333.00	26,667.00
Purchase of Public Works Equipment		5/22/18	158,000.00			3,567.62				3,567.62
New Server for Channel 9 Transmitting Equipment		5/22/18	8,000.00	381.00	7,619.00			8,000.00		
Direct Install. Program Lighting & HVAC Improvements		5/22/18	54,000.00		25,812.41			2,453.67		23,358.74
Real Property Acquisition: Block 4901, Lot 8		5/22/18	173,000.00		6,540.00					6,540.00
Improvements to Various Township Facilities	07-20	5/26/20	30,000.00				30,000.00	29,315.00	685.00	
Purchase of Tire Mounting Machine and Spin Balance		5/26/20	8,000.00				8,000.00	8,000.00		
Resurfacing Pennsylvania Avenue		5/26/20	27,000.00				27,000.00	27,000.00		
				\$ 200,430.08	\$ 138,095.59	\$ 9,585.37	\$ 65,000.00	\$ 83,370.07	\$ 195,160.68	\$ 134,580.29
								\$ 3,674.00		
								79,696.07		
								\$ 83,370.07		

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Encumbrances Payable
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 9,585.37
Increased by:	
Current Year Encumbrances Created	<u>3,674.00</u>
	13,259.37
Decreased by:	
Transferred to Improvement Authorization	<u>9,585.37</u>
Balance December 31, 2020	<u><u>\$ 3,674.00</u></u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2020

Balance December 31, 2019	\$	160,583.00
Decreased by:		
Appropriations to Finance Improvement Authorizations		65,000.00
Balance December 31, 2020	\$	95,583.00

Exhibit SC-11

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Reserve for Debt Service
For the Year Ended December 31, 2020

Balance December 31, 2019	\$	12,350.00
Increased by:		
Bond Anticipation Note Premium Received		17,647.86
Balance December 31, 2020	\$	29,997.86

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND
Statement of Bonds and Notes Authorized but Not Issued
For the Year Ended December 31, 2020

Ordinance No.	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Notes Issued	Balance Dec. 31, 2020
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
05-18	Various Capital Improvements	333.00			333.00
		<u>\$ 123,833.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,833.00</u>

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

Finding No. 2020-001

Criteria or Specific Requirement

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

Condition

During the analysis of the current fund activity, it was noted that the Township had expenditures greater than the budgeted amounts for multiple budget line items and the current year financial activity resulted in a deficit in operations.

Context

The following activity was noted during the year under audit: (1) overexpenditures of current fund appropriations in the amount of \$45,831.41, (2) overexpenditures of appropriation reserves in the amount of \$64,559.28, and (3) a deficit in operations in the amount of \$55,207.28.

Effect or Potential Effect

The non-compliance with N.J.S.A. 40A:4-57 resulted in overexpenditures and an operating deficit that are required to be raised in the succeeding year's budget.

Cause

Funds were expended in excess of the balances available.

Recommendation

That the Township establish procedures that would prevent the overexpenditure of appropriations and appropriation reserves and a deficit in operations.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-002

Criteria or Specific Requirement

A sound framework of internal control is necessary to afford a reasonable basis for the Chief Financial Officer to assert that the information they provide can be relied upon. This requires that a complete and accurate general ledger be maintained for each fund to ensure adequate control over the preparation of financial statements including related disclosures.

Condition

The general ledgers for all funds were not properly maintained and as a result numerous adjusting entries were required in order to achieve proper presentation in the financial statements.

Context

During the audit, numerous journal entries were necessary to achieve proper presentation of the financial activity in the financial statements.

Effect or Potential Effect

Without a properly maintained general ledger system, the immediate and current identification of assets, liabilities, revenues, expenditures and fund balance cannot be achieved. The overall condition of the general ledger combined with the amount of adjusting entries that were required to balance the general ledger result in a strong indication of ineffective controls over the preparation of financial statements. Therefore, this is a significant likelihood that the Township's controls are not effective in detecting material misstatements in the preparation of the financial statements and related disclosures.

Cause

Procedures have not been designed to reconcile the various subsidiary records with control accounts maintained in the general ledger system on a periodic basis. Numerous receipts and disbursements were not recorded or were not recorded in the correct revenue or expenditure account.

Recommendation

That the Chief Financial Officer accurately record the Township financial activity and maintain the general ledger and corresponding reconciliations in order to achieve proper presentation in the financial statements.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-003

Criteria or Specific Requirement

In accordance with maintaining an internal control environment that is effective in the prevention and/or identification of potential financial statement misstatements and/or misclassifications, the Township should review and verify, on a monthly basis, that all bank account reconciliations are prepared and agree to the cash balance recorded in the applicable fund's general ledger.

Condition

During our examination of the bank reconciliations for the year under audit, it was noted that several of the Township's bank accounts were not prepared on a timely basis and were not reconciled to the general ledger balances.

Context

During the audit, it was noted that several bank accounts were not reconciled for the entire year and several other bank accounts were not reconciled to the general ledger balances.

Effect or Potential Effect

Potential errors, irregularities, and factors which could have a negative impact on the Township's financial position could develop and not be detected in a timely manner to enable the Township to institute corrective actions.

Cause

Failure of the appropriate Township officials to prepare timely and accurate bank reconciliations.

Recommendation

That the Township prepare all bank account reconciliations on a monthly basis and verify that the reconciliations agree to the cash balance recorded in the general ledger.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-004

Criteria or Specific Requirement

N.J.A.C. 5:30-5.4 states when a contract is awarded by the governing body a Certification of Availability of Funds shall be attached to the original copy of the resolution or ordinance. It also states that the resolution awarding a contract must state the exact appropriation(s) or ordinance(s) to be charged and state the maximum dollar value of the contract. N.J.S.A. 40A:11-4 states every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids. Disclosure requirements for contracts subject to Pay-to-Play legislation require a Chapter 271 Political Contribution Disclosure form and a Business Entity Disclosure Form be submitted by the vendor and the contract should be awarded by resolution noting the award was made through a Non-Fair and Open process.

Condition

Certificates of availability of funds were not executed and filed with the contract or resolution for all bids and professional service contracts awarded. Resolutions awarding contracts did not include the exact appropriation or ordinance to be charged and did not state the maximum dollar value of the contract. One contract was not awarded by resolution of the governing body to the lowest bidder after public advertising for bids. Chapter 271 Political Disclosure Forms and Business Entity Disclosure Forms were not on file for contracts awarded through the non-fair and open process and those contracts were not approved by resolution.

Context

During the test of bids and contracts, the following items were noted: (1) Certificates of Availability of Funds were not prepared for 4 out of 5 contracts selected for testing, (2) the Township did not solicit bids or award a contract via resolution for one contract exceeding the bid threshold, (3) the Township was not able to provide Chapter 271 Political Disclosure Forms, Business Entity Disclosure Forms, and resolutions awarding contracts through a Non-Fair and Open process for 4 out of 4 vendors paid in excess of \$17,500, and (4) 3 out of 5 resolutions awarding contracts did not state the exact appropriation or ordinance to be charged nor did they state the maximum dollar value of the contract.

Effect or Potential Effect

Non-compliance with state statutes and regulations could result in unallowable or unauthorized expenditures.

Cause

The Township officials did not adhere to N.J.A.C. 5:30-5.4, N.J.S.A. 40A:11-4, and Pay-to-Play legislation.

Recommendation

That the Township adhere to Local Public Contracts Law and Pay-to-Play legislation.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-005

Criteria or Specific Requirement

N.J.S.A 40A:5-16 requires a Claimant Certification on purchase orders prior to payment. N.J.S.A. 40A:11-6.1 requires contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount be awarded after soliciting at least two competitive quotes. Proper supporting documentation should be attached to all purchase orders.

Condition

Claimant certifications were missing from purchase orders, quotes were not solicited for one purchase exceeding 15 percent of the bid threshold, and proper supporting documentation was missing from several purchase orders selected for testing.

Context

During our test of expenditures, the following items were noted: (1) 7 out of 25 purchase orders did not have a claimant certification, (2) the Township did not solicit at least two quotes for one purchase in excess of 15 percent of the bid threshold, (3) proper supporting documentation was not provided for 4 out of 93 purchase orders selected for testing.

Effect or Potential Effect

Non-compliance with state statutes and regulations could result in unallowable or unauthorized expenditures.

Cause

The Township officials did not adhere N.J.S.A 40A:5-16 and N.J.S.A. 40A:11-6.1 and payments were made to vendors without proper supporting documentation.

Recommendation

That the Township adhere to N.J.S.A. 40A:5-16 and N.J.S.A. 40A:11-6.1 and also ensure purchasing and expenditure policies and procedures are followed when purchasing goods and services.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-006

Criteria or Specific Requirement

N.J.S.A 40A:5-15 requires all receipts be deposited or turned-over to the Treasurer within forty-eight hours. Proper supporting documentation should be maintained for all receipts collected by the Township.

Condition

Several receipts were not deposited within forty-eight hours. Additionally, deposit slips were not able to be located and it could not be determined if receipts were posted to the general ledger and/or which revenue account they were posted to in the subsidiary ledger.

Context

During our test of receipts, the following items were noted: (1) 4 out of 77 receipts were not deposited within forty-eight hours, (2) 14 out of 77 deposit slips could not be located, and (3) 4 out of 77 receipts could not be traced to the revenue subsidiary ledger.

Effect or Potential Effect

Receipts could be misappropriated and / or not properly reported in the financial statements.

Cause

The Township officials did not adhere N.J.S.A 40A:5-15 and proper supporting documentation was not maintained for receipts.

Recommendation

That the Township adhere to N.J.S.A. 40A:5-15 and proper supporting documentation should be maintained for all receipts collected by the Township.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-007

Criteria or Specific Requirement

Interfunds should be liquidated by the end of the year.

Condition

Several large interfunds were not liquidated prior to the end of the year under audit.

Context

At December 31, 2020 the following interfund payables were noted: (1) \$461,617.33 current fund interfund payable and (2) \$560,117.67 trust other interfund payable.

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.

Cause

Unknown.

Recommendation

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

View of Responsible Officials and Planned Corrective Action

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

Finding No. 2020-008

Criteria or Specific Requirement

New Jersey Administrative Code 5:30-5.6 requires that all local governments establish and maintain a fixed asset accounting and reporting system that shall include asset descriptions, estimated or historical costs and such other information as shall be required by the governing body and updated each year with additions or deletions. Proper internal control practices also dictate that complete and accurate records should be maintained to ensure adequate control over the preparation of the financial statements, including the related disclosures.

Condition

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

Context

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

Effect or Potential Effect

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

TOWNSHIP OF FRANKLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2020-008 (Cont'd)

Cause

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

Recommendation

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

View of Responsible Officials and Planned Corrective Action

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

Finding No. 2020-009

Criteria or Specific Requirement

N.J.S.A. 40:55D-53.1 and 40:55D-53.2 require escrow funds be held in an interest bearing account, be held in trust with subsidiary records detailing transactions for each deposit, and require interest be allocated to the deposits in accordance with the statutes.

Condition

The Township is not maintaining escrow funds in accordance with the N.J.S.A. 40:55D-53.1 and 40:55D-53.2.

Context

During the audit, the following items were noted in relation to the Township's escrow funds: (1) the funds are not held in an interest bearing account, (2) the Township is not maintaining subsidiary records detailing transactions for each deposit, and (3) interest is not being allocated to the deposits in accordance with the statutes.

Effect or Potential Effect

The Township is not in compliance with N.J.S.A. 40:55D-53.1 and 40:55D-53.2.

Cause

Unknown.

Recommendation

That the Township adhere to N.J.S.A. 40:55D-53.1 and 40:55D-53.2 in regards to escrow funds on deposit.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

Finding No. 2019-001

Condition

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

Current Status

The finding has not been resolved. See Audit Finding 2020-001.

Planned Corrective Action

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

Finding No. 2019-002

Condition

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

Current Status

The finding has not been resolved. See Audit Finding 2020-002.

Planned Corrective Action

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

Finding No. 2019-003

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

The finding has not been resolved. See Audit Finding 2020-003.

Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding No. 2019-004

Condition

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

Current Status

The finding has not been resolved. See Audit Finding 2020-004, 2020-005, and 2020-006.

Planned Corrective Action

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

Finding No. 2019-005

Condition

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

Current Status

The finding has not been resolved. See Audit Finding 2020-007.

Planned Corrective Action

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

Finding No. 2019-006

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.

Current Status

The finding has not been resolved. See Audit Finding 2020-008.

Planned Corrective Action

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

TOWNSHIP OF FRANKLIN
 Officials in Office and Surety Bonds

The following officials were in office as of December 31, 2021:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
John Bruno	Mayor	
Heather Flaim	Deputy Mayor	
David Deegan, Jr.	Committeeperson	
Timothy Doyle	Committeeperson	
Mary Petsch-Wilson	Committeeperson	
Cynthia LoGuidice	Chief Financial Officer	(*)
Barbara Freijomil	Township Clerk	(*)
Patrick Hegarty	Tax Collector	(*)
Rich Saunders	Construction Official	(*)
John Armano	Municipal Court Judge	(*)
Tracey Bleda	Municipal Court Administrator	(*)
Matthew Lyons	Township Solicitor	
CME Associates	Township Engineer	

Designated individuals so marked (*) were covered by \$1,000,000 per loss by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declaration and Excess Public Officials Bond.

All of the bonds were examined and were properly executed.

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APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol McAllister

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant