



**SOMERSET COUNTY, NEW JERSEY**

**REPORT ON**

**EXAMINATION OF ACCOUNTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF SOMERSET, NEW JERSEY**

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**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**- - -**

**PART I**

**INDEPENDENT AUDITORS' REPORT  
REPORT ON INTERNAL CONTROL AND COMPLIANCE  
FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
SUPPLEMENTARY DATA**

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



## Independent Auditors' Report

The Honorable and Members of  
the Township Council  
Township of Franklin  
County of Somerset  
Franklin, New Jersey

### Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds and account group of the Township of Franklin, (the "Township"), Somerset County, State of New Jersey which comprise the balance sheets as of and for the years ended December 31, 2017 and 2016, and the related statements of operations and changes in fund balance for the years then ended and the related notes to the financial statements, the statements of changes in fund balance, statements of revenues, and statements of expenditures for the year ended December 31, 2017 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 (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' 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 of the United States and the requirements prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of 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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles***

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 to demonstrate compliance with the Division's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township as of December 31, 2017 and 2016, and the results of its operations and changes in fund balances for the years then ended.

***Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")***

As described in Note 12, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and were not required by the Division to be audited nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP's financial activities are included in the Township's Trust Fund, and represent 1.11% and 1.11% of the assets and liabilities, respectively, of the Township's Trust Funds as of December 31, 2017 and 2016, respectively.

***Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")***

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements, we do not express an opinion on the LOSAP financial statements.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects the financial position of the various funds and account group of the Township as of December 31, 2017 and 2016, and the results of its operations and changes in fund balances for the years then ended, and the statements of changes in fund balance, statements of revenues and statements of expenditures of the various funds for the year ended December 31, 2017 in accordance with the financial reporting provisions of the Division as described in Note 1 to the financial statements.



***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that The Township's proportionate share of the net pension liability – PERS and PFRS, and the schedule of Township's contributions – PERS and PFRS as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Report on Supplementary Information as Required by the Division in Accordance with the Regulatory-Basis***

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, identified in the table of contents as Schedules A-4 through E-5 and the comments section, is presented for purposes of additional analysis as required by the Division and is not a required part of the regulatory – basis financial statements of the Township.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

June 28, 2018  
Cranford, New Jersey

*David J. Gannon*

David J. Gannon, CPA  
Licensed Registered Municipal Accountant, No. 520

**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 Auditors' Report**

**The Honorable Mayor and Members  
of the Township Council  
Township of Franklin  
Franklin, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory-basis financial statements of the various funds and account group of the Township of Franklin, Somerset County, New Jersey (the "Township"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated June 28, 2018, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division and a disclaimer opinion since we did not audit the Division does not require the Length of Services Award Program ("LOSAP") to be audited.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 28, 2018

*David J. Gannon*

David J. Gannon, CPA  
Licensed Registered Municipal Accountant, No. 520

TOWNSHIP OF FRANKLIN  
CURRENT FUND

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

A  
Sheet # 1

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Current Fund:			
Cash - Treasurer	A-4	\$ 51,781,229.32	\$ 39,347,576.52
Cash - Change Fund	A-5	1,255.00	1,255.00
Due from State of New Jersey - Sr. Cit. and Vets. Ded. per Ch. 73, P.L. 1976	A-6	<u>6,750.00</u>	<u>8,250.00</u>
		<u>51,789,234.32</u>	<u>39,357,081.52</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	3,074,922.22	2,859,729.15
Tax Title Liens Receivable	A-7	369,791.18	176,588.82
Property Acquired for Taxes at Assessed Valuation	Unchanged	329,973.00	329,973.00
Revenue Accounts Receivable	A-8	49,760.68	32,410.60
Interfunds Receivable	A-12	<u>310,783.81</u>	<u>711,897.73</u>
		<u>4,135,230.89</u>	<u>4,110,599.30</u>
Total Current Fund		<u>55,924,465.21</u>	<u>43,467,680.82</u>
Grant Fund:			
Cash - Treasurer	A-4	1,457,714.47	1,294,795.78
State and Federal Grants Receivable	A-14	3,383,244.79	3,397,693.96
Interfunds Receivable	A- 16	<u>                    </u>	<u>22,156.79</u>
Total Grant Fund		<u>4,840,959.26</u>	<u>4,714,646.53</u>
		<u>\$ 60,765,424.47</u>	<u>\$ 48,182,327.35</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

A  
Sheet # 2

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 2,572,992.85	\$ 2,754,048.16
Reserve for Encumbrances	A-3, A-13	1,231,900.58	1,269,286.05
Various Payables and Reserves	A- 9	4,738,642.74	3,992,870.80
Tax Overpayments	A-10	25,841.17	3,437.12
Prepaid Taxes	A-7	11,327,618.07	1,905,691.13
Interfunds Payable	A-12	<u>5,739,747.10</u>	<u>4,314,882.65</u>
		<u>25,636,742.51</u>	<u>14,240,215.91</u>
Reserve for Receivables	Reserve	4,135,230.89	4,110,599.30
Fund Balance	A- 1	<u>26,152,491.81</u>	<u>25,116,865.61</u>
		<u>30,287,722.70</u>	<u>29,227,464.91</u>
Total Current Fund		<u>55,924,465.21</u>	<u>43,467,680.82</u>
Grant Fund:			
Interfunds Payable	A-16	5,328.09	
Reserve for Encumbrances	A-15	253,518.61	262,695.20
Reserve for State & Federal Grants:			
Appropriated	A-15	<u>4,582,112.56</u>	<u>4,451,951.33</u>
Total Grant Fund		<u>4,840,959.26</u>	<u>4,714,646.53</u>
		<u>\$ 60,765,424.47</u>	<u>\$ 48,182,327.35</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-1  
Sheet # 1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance - Appropriated	A-2	\$ 6,234,270.00	\$ 6,381,494.00
Miscellaneous Revenue Anticipated	A-2	13,778,657.29	14,207,458.42
Receipts from Delinquent Taxes	A-2	2,509,352.46	3,140,326.10
Receipts from Current Taxes	A-2	220,148,136.08	216,586,420.33
Miscellaneous Revenue Not Anticipated	A-2	1,277,281.21	688,874.18
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	1,912,286.93	2,265,661.34
Other Credits	A-1	20,857.20	
Interfund Loans Returned (Net)	A-12	401,113.92	
		<u>246,281,955.09</u>	<u>243,270,234.37</u>
Total Income			
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	21,900,665.00	21,580,654.00
Other Expenses	A-3	20,151,055.00	19,681,997.00
Public and Private Programs	A-3	752,565.05	996,204.82
Deferred Charges and Statutory Expenditures	A-3	5,712,749.00	5,226,131.00
Capital Improvements	A-3	1,580,628.00	3,001,066.00
Municipal Debt Service	A-3	4,898,638.96	4,865,830.44
County Taxes (All)	A-11	33,198,170.90	32,505,358.50
Local District School Taxes	A-11	139,288,627.00	136,084,365.00
Special District Taxes (All)	A-11	6,756,571.00	6,546,576.14
Municipal Open Space	A-11	4,755,802.00	4,627,235.00
Prior Year Sr. Citizens/Veterans Deductions Disallowed	A-6	16,586.98	30,954.58
Special Improvement District			48,127.36
Interfund Loans Advanced (Net)			41,469.12
		<u>239,012,058.89</u>	<u>235,235,968.96</u>
Total Expenditures			
Excess in Revenues (Carried Forward)		7,269,896.20	8,034,265.41

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-1  
Sheet # 2

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Excess in Revenues (Carried Forward)		\$ 7,269,896.20	\$ 8,034,265.41
 <u>FUND BALANCE</u>			
Balance December 31,	A	<u>25,116,865.61</u>	<u>23,464,094.20</u>
		32,386,761.81	31,498,359.61
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>6,234,270.00</u>	<u>6,381,494.00</u>
Balance December 31,	A	<u><u>\$ 26,152,491.81</u></u>	<u><u>\$ 25,116,865.61</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Anticipated Budget	N.J.S.A. 40A:4-87	Total Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 6,234,270.00	\$	\$ 6,234,270.00	\$ 6,234,270.00	\$
Total Surplus Anticipated	<u>6,234,270.00</u>	<u></u>	<u>6,234,270.00</u>	<u>6,234,270.00</u>	<u></u>
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	75,000.00		75,000.00	81,476.00	6,476.00
Other	210,000.00		210,000.00	200,917.50	(9,082.50)
Fees and Permits	600,000.00		600,000.00	679,017.66	79,017.66
Fines and Costs:					
Municipal Court	410,000.00		410,000.00	433,359.85	23,359.85
Interest and Costs on Taxes	720,000.00		720,000.00	811,219.10	91,219.10
Interest on Investments and Deposits	100,000.00		100,000.00	167,274.62	67,274.62
Fire Prevention Fees	565,000.00		565,000.00	613,684.34	48,684.34
Cable Franchise Fees	220,000.00		220,000.00	247,119.01	27,119.01
Subtotal - Local Revenues	<u>2,900,000.00</u>	<u></u>	<u>2,900,000.00</u>	<u>3,234,068.08</u>	<u>334,068.08</u>
Consolidated Municipal Property Tax Relief Aid	75,342.00		75,342.00	75,342.00	
Energy Receipts Tax	4,509,836.00		4,509,836.00	4,509,836.00	
Garden State Trust Payments	70,219.00		70,219.00	70,219.00	
Subtotal - State Aid Revenues	<u>4,655,397.00</u>	<u></u>	<u>4,655,397.00</u>	<u>4,655,397.00</u>	<u></u>
Dedicated Uniform Construction Code Fees:					
Uniform Construction Code Fees	2,400,000.00		2,400,000.00	2,049,574.00	(350,426.00)
Subtotal - Uniform Construction Code Revenues	<u>2,400,000.00</u>	<u></u>	<u>2,400,000.00</u>	<u>2,049,574.00</u>	<u>(350,426.00)</u>
Interlocal:					
Franklin Township Board of Education -					
Maintenance of School Equipment	216,000.00		216,000.00	119,843.07	(96,156.93)
School Police Officers	326,000.00		326,000.00	335,802.36	9,802.36
Subtotal - Interlocal Revenues	<u>542,000.00</u>	<u></u>	<u>542,000.00</u>	<u>455,645.43</u>	<u>(86,354.57)</u>



TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Anticipated <u>Budget</u>	N.J.S.A. <u>40A:4-87</u>	Total <u>Budget</u>	Realized	Excess or <u>(Deficit)</u>
Public and Private Revenues Off-Set with Appropriations:					
Municipal Alliance on Alcoholism and Drug Abuse	\$	\$	\$	\$	\$
NJ DEP Recycling Tonnage Grant	38,676.00	43,705.71	43,705.71		
Summer Food Service Program		8,883.40	8,883.40	8,883.40	
CDBG - 2017		242,536.00	242,536.00	242,536.00	
NJDEP - Clean Communities Grant		128,063.94	128,063.94	128,063.94	
Somerset Youth Services Commission - Annual Grant		5,000.00	5,000.00	5,000.00	
EMPG/Emerg. Management Agency Asst. Prog.		10,000.00	10,000.00	10,000.00	
NJ DOT - Campus Drive		245,000.00	245,000.00	245,000.00	
Recreation Opportunities Indiv. Disabilities		6,700.00	6,700.00	6,700.00	
Subtotal - Public and Private Revenues	38,676.00	689,889.05	728,565.05	728,565.05	
Other Special Items Offset With Appropriations:					
Township Hotel Tax Revenue	1,330,000.00		1,330,000.00	1,398,905.56	68,905.56
Franklin Sewerage Authority	600,000.00		600,000.00	661,769.00	61,769.00
N.J. State PBA Officer	129,000.00		129,000.00	135,117.58	6,117.58
Franklin Fire Districts	27,000.00		27,000.00	7,615.97	(19,384.03)
PILOT Payments	324,000.00		324,000.00	362,456.95	38,456.95
Cell Tower Rental Fees	86,000.00		86,000.00	89,542.67	3,542.67
Subtotal - Other Special Item Revenues	2,496,000.00		2,496,000.00	2,655,407.73	159,407.73
Total Miscellaneous Revenues	13,032,073.00	689,889.05	13,721,962.05	13,778,657.29	56,695.24
Receipts from Delinquent Taxes	2,000,000.00		2,000,000.00	2,509,352.46	509,352.46
Subtotal General Revenues	21,266,343.00	689,889.05	21,956,232.05	22,522,279.75	566,047.70

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Anticipated <u>Budget</u>	N.J.S.A. <u>40A:4-87</u>	Total <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes					
Including Reserve for Uncollected Taxes	\$ 34,961,693.00	\$	\$ 34,961,693.00	\$ 38,070,589.18	\$ 3,108,896.18
Minimum Library Tax	<u>3,078,376.00</u>		<u>3,078,376.00</u>	<u>3,078,376.00</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	38,040,069.00		38,040,069.00	41,148,965.18	3,108,896.18
Total General Revenues	59,306,412.00	689,889.05	59,996,301.05	63,671,244.93	3,674,943.88
Non-Budget Revenues				<u>1,277,281.21</u>	<u>1,277,281.21</u>
	<u>\$ 59,306,412.00</u>	<u>\$ 689,889.05</u>	<u>\$ 59,996,301.05</u>	<u>\$ 64,948,526.14</u>	<u>\$ 4,952,225.09</u>
Ref.	A- 3	A- 3			
<u>Current Taxes Realized:</u>					
Sr. Citizens & Vets	A-6				
Cash Receipts	A-7				
Prepaid Taxes - Prior Year	A-7			\$ 342,250.00	
Subtotal	A-1			217,900,194.95	
Res. For Uncoll. Tax	A-3			<u>1,905,691.13</u>	
				220,148,136.08	
Subtotal				<u>5,000,000.00</u>	
Allocated to School					
County and Fire Districts	A-11			225,148,136.08	
Municipal Library	A-2, A-3				
Municipal Open Space	A-11			(179,243,368.90)	
				(3,078,376.00)	
				<u>(4,755,802.00)</u>	
	Above				
Miscellaneous Revenues:					
Grants Realized	A-8			<u>\$ 38,070,589.18</u>	
Miscellaneous Revenues	A-8			728,565.05	
	A-1			<u>\$ 13,050,092.24</u>	
Miscellaneous Revenues Not Anticipated:					
Cash Receipts	A-1, A-4			<u>\$ 13,778,657.29</u>	
				<u>\$ 1,277,281.21</u>	

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 Budget	Budget After Modification	Expended		Reserved	Unexpended Balance Cancelled
			Paid Or Charged	Encumbered		
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 401,079.00	\$ 366,079.00	\$ 353,434.04	\$	\$ 12,644.96	\$
Other Expenses	368,590.00	368,590.00	112,328.63	8,442.66	247,818.71	
Human Resources (Personnel)						
Salaries and Wages	110,850.00	102,136.00	97,611.57		4,524.43	
Other Expenses	92,920.00	92,920.00	80,927.70	1,550.00	10,442.30	
Mayor and Council						
Salaries and Wages	71,566.00	71,566.00	71,074.26		491.74	
Other Expenses	23,794.00	23,794.00	8,583.12		15,210.88	
Municipal Clerk						
Salaries and Wages	219,172.00	189,172.00	184,586.27		4,585.73	
Other Expenses	69,960.00	69,960.00	40,896.94	10,559.45	18,503.61	
Finance Administration						
Salaries and Wages	56,208.00	56,208.00	55,257.23		950.77	
Other Expenses	324,316.00	324,316.00	231,582.26	75,457.50	17,276.24	
Audit Services						
Other Expenses	41,900.00	41,900.00		29,925.00	11,975.00	
Computerized Data Processing						
Salaries and Wages	168,715.00	148,715.00	145,013.24		3,701.76	
Other Expenses	177,420.00	177,420.00	115,739.38	50,972.64	10,707.98	
Revenue Administration (Tax Collection)						
Salaries and Wages	116,639.00	115,095.00	114,735.29		359.71	
Other Expenses	10,347.00	10,347.00	10,001.16	318.50	27.34	
Tax Assessment Administration						
Salaries and Wages	312,888.00	297,432.00	297,431.12		0.88	
Other Expenses	125,120.00	125,120.00	79,585.43	21,850.00	23,684.57	
Legal Services (Legal Dept.)						
Other Expenses	535,000.00	535,000.00	281,666.39	236,006.52	17,327.09	
Engineering						
Salaries and Wages	331,347.00	345,347.00	337,907.22		7,439.78	
Other Expenses	13,605.00	13,605.00	3,808.50	1,983.15	7,813.35	
Economic Development Agencies						
Salaries and Wages						
Other Expenses	143,175.00	143,175.00	33,861.36	19,838.64	89,475.00	
<u>LAND USE ADMINISTRATION</u>						
Planning Board						
Salaries and Wages	269,412.00	255,412.00	202,589.66		52,822.34	
Other Expenses	85,800.00	85,800.00	26,606.21	24,676.44	34,517.35	
<u>INSURANCE</u>						
Liability Insurance						
Other Expenses	1,108,161.00	1,108,161.00	1,069,257.17	38,903.83		
Workers Compensation Insurance						
Other Expenses	50,000.00	50,000.00	50,000.00			
Employee Group Insurance						
Salaries and Wages (Payment in Lieu)	150,000.00	137,898.00	45,890.86		92,007.14	
Other Expenses	7,001,781.00	7,013,883.00	6,997,427.92	4,556.18	11,898.90	

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 <u>Budget</u>	Budget After <u>Modification</u>	<u>Expended</u>			Unexpended Balance <u>Cancelled</u>
			<u>Paid Or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<b>PUBLIC SAFETY</b>						
<b>Police</b>						
Salaries and Wages	\$ 13,945,170.00	\$ 14,169,170.00	\$ 13,980,810.36	\$ -	\$ 188,359.64	\$ -
Other Expenses	588,875.00	588,875.00	430,109.72	112,606.63	46,158.65	
<b>Community Activities:</b>						
<b>Aid to Fire Services</b>						
Other Expenses	30,000.00	30,000.00	30,000.00			
<b>Aid to Rescue Squads</b>						
Other Expenses	65,000.00	65,000.00	65,000.00			
<b>Fire Prevention</b>						
Salaries and Wages	641,691.00	641,691.00	538,105.76		103,585.24	
Other Expenses	7,796.00	7,796.00	2,461.50	5,324.47	10.03	
<b>Prosecutor</b>						
Other Expenses	73,000.00	73,000.00	63,589.70	7,018.67	2,391.63	
<b>Emergency Management</b>						
Salaries and Wages	13,584.00	13,584.00			13,584.00	
Other Expenses	2,250.00	2,250.00	1,005.91		1,244.09	
<b>State Aid Payments to Fire Districts</b>						
Other Expenses	16,774.00	16,774.00	16,774.00			
<b>Municipal Court</b>						
Salaries and Wages	323,416.00	298,416.00	290,238.18		8,177.82	
Other Expenses	25,750.00	25,750.00	16,090.69	5,127.18	4,532.13	
<b>Public Defender</b>						
Other Expenses	18,000.00	18,000.00	18,000.00			
<b>PUBLIC WORKS</b>						
<b>Public Works - General</b>						
Salaries and Wages	1,595,250.00	1,594,848.93	1,591,029.46		3,819.47	
<b>Streets and Roads Maintenance</b>						
Salaries and Wages	110,000.00	110,000.00	105,928.41		4,071.59	
Other Expenses	553,325.00	531,575.00	237,823.62	288,031.32	5,720.06	

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 Budget	Budget After Modification	Expended		Reserved	Unexpended Balance Cancelled
			Paid Or Charged	Encumbered		
Public Works - Recycling						
Other Expenses	\$ 648,300.00	\$ 648,300.00	\$ 577,876.16	\$ 8,923.20	\$ 61,500.64	\$ -
Public Works - Building and Grounds						
Other Expenses	236,825.00	234,325.00	151,277.10	74,653.61	8,394.29	
Public Works - Vehicle Maintenance						
Other Expenses	151,000.00	175,250.00	146,731.29	24,902.54	3,616.17	
Shade Tree Commission						
Other Expenses	250.00	250.00	190.00	30.00	30.00	
Community Services Act (Condo Community)						
Other Expenses	170,000.00	170,000.00	86,432.59	4,100.59	79,466.82	
HEALTH AND HUMAN SERVICES						
Animal Control Services						
Salaries and Wages	131,881.00	131,881.00	111,077.11		20,803.89	
Other Expenses	30,340.00	30,340.00	19,808.00	4,352.72	6,179.28	
Community Resources						
Salaries and Wages	223,132.00	223,132.00	209,798.39		13,333.61	
Other Expenses	14,821.00	14,821.00	12,191.48	1,013.55	1,615.97	
PARKS AND RECREATION						
Department of Recreation, Community Celebrations and Park Administration						
Division of Recreation and Park Administration						
Salaries and Wages	478,475.00	478,475.00	451,887.69		26,587.31	
Other Expenses	50,042.00	50,042.00	34,367.35	10,805.19	4,869.46	
UNCLASSIFIED						
Accumulated Leave Compensation						
Salaries and Wages	700,000.00	700,000.00	700,000.00			
Tax Appeals						
Other Expenses	500,000.00	500,000.00	500,000.00			
Tax Title Lien and Foreclosure						
Other Expenses	50,000.00	68,130.00	68,130.00			
Environmental Commission						
Other Expenses	1,200.00	1,200.00	439.00		761.00	
Historical Commission						
Other Expenses	2,899.00	2,899.00			2,899.00	
Salary Adjustment	100,000.00	81,870.00			81,870.00	
Franklin Township Board of Education - Transp.						
Salaries and Wages						
Other Expenses	60,417.00	60,417.00	18,921.86	13,650.88	27,844.26	

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 Budget	Budget After Modification	Expended		Reserved	Unexpended Balance Cancelled
			Paid Or Charged	Encumbered		
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>						
Code Enforcement						
Salaries and Wages	\$ 1,015,334.00	\$ 910,334.00	\$ 899,632.28		\$ 10,701.72	\$ -
Other Expenses	350,900.00	350,900.00	46,871.64	6,711.18	297,317.18	
Utilities:						
Gasoline	350,000.00	350,000.00	141,720.32	96,116.08	112,163.60	
Telephone	200,000.00	200,000.00	162,249.03	12,277.14	25,473.83	
Electricity/Heat	540,000.00	540,000.00	372,559.37	25,206.75	142,233.88	
Water						
Street Lighting	1,320,000.00	1,320,000.00	812,547.63		507,452.37	
Total Operations Within "CAPS"	<u>37,715,462.00</u>	<u>37,698,346.93</u>	<u>33,959,478.53</u>	<u>1,225,892.21</u>	<u>2,512,976.19</u>	
Contingent	2,000.00	2,000.00			2,000.00	
Total Operations Including Contingent Within "CAPS"	<u>37,717,462.00</u>	<u>37,700,346.93</u>	<u>33,959,478.53</u>	<u>1,225,892.21</u>	<u>2,514,976.19</u>	
DETAIL:						
Salaries and Wages	21,485,809.00	21,438,461.93	20,784,038.40		654,423.53	
Other Expenses (Including Contingent)	16,231,653.00	16,261,885.00	13,175,440.13	1,225,892.21	1,860,552.66	
Deferred Charges and Statutory Expenditures - <u>Municipal Within "CAPS"</u>						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	1,269,603.00	1,269,603.00	1,269,603.00			
Social Security System (O.A.S.I.)	1,600,000.00	1,600,000.00	1,554,117.89		45,882.11	
Defined Contribution Retirement Program	3,000.00	3,000.00	3,000.00			
Police and Firemen's Retirement System of NJ	2,840,146.00	2,840,146.00	2,840,146.00			
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	<u>5,712,749.00</u>	<u>5,712,749.00</u>	<u>5,666,866.89</u>		<u>45,882.11</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>43,430,211.00</u>	<u>43,413,095.93</u>	<u>39,626,345.42</u>	<u>1,225,892.21</u>	<u>2,560,858.30</u>	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	3,078,376.00	3,078,376.00	3,078,376.00			
Total Other Operations - Excluded from "CAPS"	<u>\$ 3,078,376.00</u>	<u>\$ 3,078,376.00</u>	<u>\$ 3,078,376.00</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 Budget	Budget After Modification	Expended		Unexpended Balance Cancelled
			Paid Or Charged	Encumbered	
Interlocal Municipal Service Agreements:					
Franklin Township Board Of Education-					
Transportation					
Salaries and Wages	\$ 119,000.00	\$ 126,401.07	\$ 126,305.40		\$ 95.67
Other Expenses	97,000.00	97,000.00	97,000.00		
Franklin Township Board Of Education-					
Police					
Salaries and Wages	326,088.00	335,802.00	335,802.00		
Senior Transportation					
Other Expenses	72,100.00	72,100.00	66,091.63	6,008.37	
Somerset County - Board of Health Services					
Other Expenses	641,694.00	641,694.00	641,693.31		0.69
Total Interlocal Municipal Service					
Agreements - Excluded from "CAPS"	1,255,882.00	1,272,997.07	1,266,892.34	6,008.37	96.36
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES:</b>					
Recycling Tonnage Grant	38,676.00	38,676.00	38,676.00		
CDBG Grant		242,536.00	242,536.00		
NJDEP - Clean Communities Grant		128,063.94	128,063.94		
Rec Opportunities Individuals Disab		6,700.00	6,700.00		
Youth Services Annual Grant (Somerset County)		5,000.00	5,000.00		
Summer Food Service Program Grant		8,883.40	8,883.40		
EMAA Grant		10,000.00	10,000.00		
2016 Muni Alcohol Ed/Rehab Prog (Court)		1,222.46	1,222.46		
NJDOT Muni Aid : Campus Drive Resurf		245,000.00	245,000.00		
2017-18 Municipal Alliance Grant		42,483.25	42,483.25		
Matching Funds	24,000.00	24,000.00	11,961.81		12,038.19
Total Public and Private Programs Offset					
by Revenues - Excluded from "CAPS"	62,676.00	752,565.05	740,526.86		12,038.19
Total Operations - Excluded from "CAPS"	4,396,934.00	5,103,938.12	5,085,795.20		12,038.19
<b>DETAIL:</b>					
Salaries and Wages	445,088.00	462,203.07	462,107.40	6,008.37	95.67
Other Expenses	3,951,846.00	4,641,735.05	4,623,687.80	6,008.37	11,942.52

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	2017 Budget	Budget After Modification	Expended		Unexpended Balance Cancelled
			Paid Or Charged	Encumbered	
<u>Capital Improvements - Excluded from "CAPS"</u>					
Capital Improvement Fund	\$ 1,580,628.00	\$ 1,580,628.00	\$ 1,580,628.00	\$	\$
Total Capital Improvements - Excluded from "CAPS"	1,580,628.00	1,580,628.00	1,580,628.00		
<u>Municipal Debt Service - Excluded from "CAPS"</u>					
Payment of Bond Principal	4,362,000.00	4,362,000.00	4,362,000.00		
Interest on Bonds	314,715.00	314,715.00	314,715.00		
Green Trust Loan Program:					
Capital Lease Obligations Approved After to 7/1/2007					
Principal	124,363.78	124,363.78	124,363.78		
Interest	2,611.65	2,611.65	2,611.63		0.02
Energy Efficient Lease					
Principal	63,416.84	63,416.84	63,416.84		
Interest	31,531.73	31,531.73	31,531.71		0.02
Total Municipal Debt Service - Excluded from "CAPS"	4,898,639.00	4,898,639.00	4,898,638.96		0.04
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	10,876,201.00	11,583,205.12	11,565,062.16	6,008.37	12,038.19
Subtotal General Appropriations	54,306,412.00	54,996,301.05	51,191,407.58	1,231,900.58	2,572,896.49
Reserve for Uncollected Taxes	5,000,000.00	5,000,000.00	5,000,000.00		
Total General Appropriations	\$ 59,306,412.00	\$ 59,996,301.05	\$ 56,191,407.58	\$ 1,231,900.58	\$ 2,572,896.49
Adopted Budget	Ref.			A	A
Approp. by N.J.S.A. 40A:4-87	A-2	\$ 59,306,412.00			
		689,889.05			
		\$ 59,996,301.05			
Reserve for Uncollected Taxes	A-2		\$ 5,000,000.00		
Disbursed	A-4		48,370,252.72		
General Capital Improvement Fund	A-12		1,580,628.00		
Reserve for Tax Appeals	A-9		500,000.00		
Res. for State & Fed. Grants Approp.			740,526.86		
			\$ 56,191,407.58		

See accompanying notes to financial statements.



TOWNSHIP OF FRANKLIN  
TRUST FUNDS

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Trust Assessment Fund:				Trust Assessment Fund:			
Cash and Investments - Treasurer	B-2	\$ 782,007.21	\$ 778,974.79	Reserve for:			
Assessments Receivable	B-3	<u>122,166.85</u>	<u>122,166.85</u>	Assessments and Liens	B-4	\$ 122,166.85	\$ 122,166.85
				Fund Balance	B-1	<u>782,007.21</u>	<u>778,974.79</u>
Total Trust Assessment Fund		<u>904,174.06</u>	<u>901,141.64</u>	Total Trust Assessment Fund		<u>904,174.06</u>	<u>901,141.64</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-6	<u>270,487.62</u>	<u>259,164.06</u>	Due to State of New Jersey	B-6	602.40	532.80
				Reserve for Encumbrances	B-6	3,210.00	3,210.00
				Reserve for Animal Control			
				Fund Expenditures	B-5	<u>266,675.22</u>	<u>255,421.26</u>
Total Animal Control Fund		<u>270,487.62</u>	<u>259,164.06</u>	Total Animal Control Fund		<u>270,487.62</u>	<u>259,164.06</u>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-6	<u>14,552,145.18</u>	<u>13,408,041.54</u>	Due to Current Fund		182,631.57	305,459.62
				Reserve for Encumbrances	B-8	77,644.53	187,375.48
				Escrow Funds and Reserves	B-8	<u>14,291,869.08</u>	<u>12,915,206.44</u>
Total Trust-Other Fund		<u>14,552,145.18</u>	<u>13,408,041.54</u>	Total Trust-Other Fund		<u>14,552,145.18</u>	<u>13,408,041.54</u>
Unemployment Insurance Trust Fund:				Unemployment Insurance Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>1,236,442.22</u>	<u>1,294,644.10</u>	Reserve to Pay Unemployment Benefits	B-6	<u>1,236,442.22</u>	<u>1,294,644.10</u>
Total Unemployment Insurance Trust Fund		<u>1,236,442.22</u>	<u>1,294,644.10</u>	Total Unemployment Insurance Trust Fund		<u>1,236,442.22</u>	<u>1,294,644.10</u>
Self-Insurance Trust Fund:				Self-Insurance Trust Fund:			
Cash and Investments - Treasurer	B-6	1,051,299.55	849,172.81	Reserve for Other Insurance	B-6	670.57	670.57
Due from Current Fund		<u>96,554.93</u>	<u>96,554.93</u>	Reserve to Pay Insurance Claims	B-6	347,169.74	245,138.85
				Reserve for LOSAP	B-6	577,419.36	577,419.36
				Reserve for Vehicle Accident	B-6	23,104.91	23,104.91
				Reserve for Environ. Protection Liability	B-6	99,753.77	99,394.05
				Due to Current Fund	B-6	<u>3,181.20</u>	<u>3,181.20</u>
Total Self-Insurance Trust Fund		<u>1,051,299.55</u>	<u>945,727.74</u>	Total Self-Insurance Trust Fund		<u>1,051,299.55</u>	<u>945,727.74</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Open Space Trust Fund:				Open Space Trust Fund:			
Cash and Investments - Treasurer	B- 6	\$ 14,764,774.71	\$ 12,887,522.41	Reserve for Open Space Trust Fund	B-6	\$ 8,493,522.73	\$ 12,361,070.06
Deferred Charges - Funded	B- 6	15,140,000.00	11,310,000.00	Serial Bonds Payable	B-7	15,140,000.00	11,310,000.00
Due from Current Fund	B- 6	<u>14,842.00</u>	<u>                    </u>	Due to General Capital Fund	B-6	5,954,129.00	155,250.00
				Due to Current Fund	B-6	<u>                    </u>	<u>39,237.37</u>
				Accounts Payable	B-6	1,864.15	1,864.15
				Reserve for Encumbrances	B-6	<u>330,100.83</u>	<u>330,100.83</u>
Total Open Space Trust Fund		<u>29,919,616.71</u>	<u>24,197,522.41</u>	Total Open Space Trust Fund		<u>29,919,616.71</u>	<u>24,197,522.41</u>
Workers Compensation Trust Fund:				Workers Compensation Trust Fund:			
Cash and Investments - Treasurer	B-6	790,569.21	692,552.25	Reserve for Workers' Compensation	B-6	790,569.21	739,246.85
Due from Current Fund	B-6	<u>                    </u>	<u>46,694.60</u>				
Total Workers Compensation Trust Fund		<u>790,569.21</u>	<u>739,246.85</u>	Total Workers Compensation Trust Fund		<u>790,569.21</u>	<u>739,246.85</u>
Recreation Trust Fund:				Recreation Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>932,632.15</u>	<u>910,961.29</u>	Due to Current Fund	B-6	3,696.16	1,895.33
				Reserve for Encumbrances	B-6	69,024.79	69,024.79
Total Recreation Trust Fund		<u>932,632.15</u>	<u>910,961.29</u>	Reserve for Recreation Programs	B-6	<u>859,911.20</u>	<u>840,041.17</u>
Developers' Escrow Trust Fund:				Total Recreation Trust Fund		<u>932,632.15</u>	<u>910,961.29</u>
Cash and Investments - Treasurer	B-6	<u>1,580,566.57</u>	<u>1,580,712.32</u>	Developers' Escrow Trust Fund:			
Total Developers' Escrow Trust Fund		<u>1,580,566.57</u>	<u>1,580,712.32</u>	Reserve for Escrows	B-6	<u>1,580,566.57</u>	<u>1,580,712.32</u>
Historical Preservation Trust Fund:				Total Developers' Escrow Trust Fund		<u>1,580,566.57</u>	<u>1,580,712.32</u>
Cash and Investments - Treasurer	B-6	<u>158,479.16</u>	<u>157,854.23</u>	Historical Preservation Trust Fund:			
Total Historical Preservation Trust Fund		<u>158,479.16</u>	<u>157,854.23</u>	Reserve for Historical Preservation Fund	B-6	<u>158,479.16</u>	<u>157,854.23</u>
				Total Historical Preservation Trust Fund		<u>158,479.16</u>	<u>157,854.23</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Tax Collector's Trust Fund:				Tax Collector's Trust Fund:			
Cash - Collector	B-6	\$ 4,769,466.77	\$ 3,455,761.77	Tax Sale Account		\$ 1,166.77	
				Premiums Received at Tax Sale	B-6	4,768,300.00	3,455,761.77
Total Tax Collector's Trust Fund		<u>4,769,466.77</u>	<u>3,455,761.77</u>	Total Tax Collector's Trust Fund		<u>4,769,466.77</u>	<u>3,455,761.77</u>
Payroll and Payroll Agency Fund:				Payroll and Payroll Agency Fund:			
Cash and Investments - Treasurer	B-6	<u>482,277.42</u>	<u>427,491.32</u>	Due to Current Fund		115,946.79	365,305.41
				Reserve for Payroll and Payroll Deductions	B-6	<u>366,330.63</u>	<u>62,185.91</u>
Total Payroll and Payroll Agency Fund		<u>482,277.42</u>	<u>427,491.32</u>	Total Payroll and Payroll Agency Fund		<u>482,277.42</u>	<u>427,491.32</u>
Affordable Housing Trust Fund:				Affordable Housing Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>3,994,593.65</u>	<u>3,660,168.11</u>	Reserve for Affordable Housing	B-6	<u>3,994,593.65</u>	<u>3,660,168.11</u>
Total Affordable Housing Trust Fund		<u>3,994,593.65</u>	<u>3,660,168.11</u>	Total Affordable Housing Trust Fund		<u>3,994,593.65</u>	<u>3,660,168.11</u>
Police Forfeiture Fund:				Police Forfeiture Fund:			
Cash and Investments - Treasurer	B-6	<u>79,560.70</u>	<u>67,765.37</u>	Reserve for Police Forfeiture	B-6	<u>79,560.70</u>	<u>67,765.37</u>
Total Police Forfeiture Fund		<u>79,560.70</u>	<u>67,765.37</u>	Total Police Forfeiture Fund		<u>79,560.70</u>	<u>67,765.37</u>
Flexible Spending Account:				Flexible Spending Account:			
Cash and Investments - Treasurer	B-6	<u>2,709.25</u>	<u>2,564.01</u>	Reserve for Flexible Spending	B-6	<u>2,709.25</u>	<u>2,564.01</u>
Total Flexible Spending Account		<u>2,709.25</u>	<u>2,564.01</u>	Total Flexible Spending Account		<u>2,709.25</u>	<u>2,564.01</u>
LOSAP Plan Funds (Unaudited):				LOSAP Plan Funds (Unaudited):			
LOSAP Plan Funds		<u>676,436.47</u>	<u>585,485.10</u>	Reserve for LOSAP Plan Funds		<u>676,436.47</u>	<u>585,485.10</u>
Total LOSAP Plan Funds		<u>676,436.47</u>	<u>585,485.10</u>	Total LOSAP Plan Funds		<u>676,436.47</u>	<u>585,485.10</u>
		<u>\$ 61,401,456.69</u>	<u>\$ 52,594,251.86</u>			<u>\$ 61,401,456.69</u>	<u>\$ 52,594,251.86</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-1

	<u>Ref.</u>	
Balance Dececeember 31, 2016	B	\$ 778,974.79
Increased by:		
Funds Collected	B-2	<u>3,032.42</u>
Balance December 31, 2017	B	<u><u>\$ 782,007.21</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR EDNDED DEC. 31, 2017 AND 2016

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Cash and Investments - Treasurer	C- 2	\$ 689,807.20	\$ 862,116.73
Various Grants and Other Receivables	C- 4	59,756.24	59,756.24
Interfunds Receivable	C- 7	11,679,034.10	4,304,726.33
Deferred Charges to Future Taxation:			
Funded	C- 5	22,924,951.26	14,749,731.87
Unfunded	C- 6	11,704,791.67	16,403,318.67
		<u>\$ 47,058,340.47</u>	<u>\$ 36,379,649.84</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-9	\$ 22,125,000.00	\$ 13,762,000.00
SCIA Capital Equipment Leases Payable	C-10		124,363.77
Energy Lease Payable	C-11	799,951.26	863,368.10
Reserve for Encumbrances			
Improvement Authorizations	C-8	2,951,220.94	3,044,188.92
Improvement Authorizations:			
Funded	C-8	8,188,853.29	6,971,282.35
Unfunded	C-8	9,793,576.46	8,807,342.14
Reserve for:			
Capital Improvement Fund	C-13	50,189.74	143,189.74
Various Reserves	C-12	455,023.32	454,155.12
Fund Balance	C-1	2,694,525.46	2,209,759.70
		<u>\$ 47,058,340.47</u>	<u>\$ 36,379,649.84</u>
Bonds and Notes Authorized But Not Issued at December 31	C-14	<u>\$ 11,704,791.67</u>	<u>\$ 16,403,318.67</u>

Note: See Notes to Financial Statements

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>		
Balance - December 31, 2016	C		\$ 2,209,759.70
Increased by:			
Premium on Sale of Bonds	C-2	<u>\$ 577,765.76</u>	<u>577,765.76</u>
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-8		<u>93,000.00</u>
Balance - December 31, 2017	C		<u><u>\$ 2,694,525.46</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

BALANCE SHEET  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016

D

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-6	\$ 11,502,205.10	\$ 10,774,696.98	Liabilities:			
Change Fund	D-7	200.00	200.00	Appropriation Reserves	D-4, D-17	\$ 583,950.15	\$ 675,858.75
Interfunds Receivable	D-13	<u>11,502,405.10</u>	<u>10,955,906.65</u>	Reserve for Encumbrances	D-4, D-17	855,743.36	850,939.71
				Accounts Payable	D-20	829,598.80	826,340.61
				Water Rent Overpayments	D-18	85,051.95	66,539.95
				Prepaid Fire Service Rents	D-19	661.99	178.40
				Interfunds Payable	D-13	295,744.67	14,487.70
Receivables and Inventory With Full Reserves:				Accrued Interest on Bonds, Notes and Loans	D-21	<u>38,594.10</u>	<u>45,352.92</u>
Water Rents Receivable	D-10	1,752,461.39	1,900,740.22			2,689,345.02	2,479,698.04
Water Rent Liens Receivable	D-12	18,629.51	1,407.88	Reserve for Receivables and Inventory Fund Balance	Reserve D- 1	<u>2,738,634.65</u>	<u>2,903,907.65</u>
Fire Service Rents Receivable	D-11	469,295.42	449,381.30			<u>8,813,060.08</u>	<u>8,476,208.61</u>
Inventory	D	<u>498,248.33</u>	<u>552,378.25</u>				
		<u>2,738,634.65</u>	<u>2,903,907.65</u>				
Total Operating Fund		<u>14,241,039.75</u>	<u>13,859,814.30</u>	Total Operating Fund		<u>14,241,039.75</u>	<u>13,859,814.30</u>
Assessment Trust Fund:				Assessment Trust Fund:			
Interfunds Receivable	D-13	<u>14,487.70</u>	<u>14,487.70</u>	Fund Balance	D- 5	<u>14,487.70</u>	<u>14,487.70</u>
Total Assessment Trust Fund		<u>14,487.70</u>	<u>14,487.70</u>	Total Assessment Trust Fund		<u>14,487.70</u>	<u>14,487.70</u>
Capital Fund:				Capital Fund:			
Cash and Investments - Treasurer	D-6	13,657,002.35	9,470,464.34	Serial Bonds Payable	D-24	12,270,000.00	8,433,000.00
Fixed Capital	D-15	32,448,884.40	32,448,884.40	Environ. Infrastr. Loans Payable	D-25	195,000.00	339,789.75
Interfunds Receivable	D-14	281,256.97		Reserve for Encumbrances	D-22	1,406,744.06	396,061.32
Fixed Capital Authorized and Uncompleted	D-16	<u>22,068,233.00</u>	<u>18,608,633.00</u>	Improvement Authorizations:			
				Funded	D-22	9,270,588.20	6,278,705.81
				Unfunded	D-22	4,525,516.89	5,885,161.61
				Interfunds Payable	D-14	<u>181,009.67</u>	
				Reserve for:			
				Capital Improvement Fund	D-26	1,520,015.01	1,520,015.01
				Various Reserves	D-23	67,589.50	67,589.50
				Amortization	D-27	36,536,134.40	35,228,344.65
				Deferred Reserve for Amortization	D-28	964,500.00	648,000.00
				Fund Balance	D- 2	<u>1,699,288.66</u>	<u>1,550,304.42</u>
Total Capital Fund		<u>68,455,376.72</u>	<u>60,527,981.74</u>	Total Capital Fund		<u>68,455,376.72</u>	<u>60,527,981.74</u>
		<u>\$82,710,904.17</u>	<u>\$74,402,283.74</u>			<u>\$ 82,710,904.17</u>	<u>\$74,402,283.74</u>
						<u>\$ 4,551,483.00</u>	<u>\$ 6,408,383.00</u>

Bonds and Notes Authorized but not Issued at December 31, 2017 and 2016 (See Exhibit D-29).

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE D-1  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>REVENUE AND OTHER INCOME</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Water Rents	D-3	\$ 11,673,488.21	\$ 12,134,472.36
Fire Service Rents	D-3	1,112,616.27	1,130,578.98
Miscellaneous	D-3	961,446.02	901,028.36
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	D-17	640,376.66	731,381.25
Accrued Interest Adjustment	D-21	6,758.82	10,194.05
		<u>14,394,685.98</u>	<u>14,907,655.00</u>
Total Revenues			
 <u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	D-4	11,843,626.00	11,051,452.00
Capital Improvements	D-4	316,500.00	265,000.00
Debt Service	D-4	1,540,318.51	1,578,156.51
Deferred Charges and Statutory Expenditures	D-4	357,390.00	414,199.00
Refunds of Prior Year Revenues			1,074.15
		<u>14,057,834.51</u>	<u>13,309,881.66</u>
Total Expenditures			
Excess of Revenues		336,851.47	1,597,773.34
 <u>FUND BALANCE</u>			
Balance, December 31,	D	<u>8,476,208.61</u>	<u>6,878,435.27</u>
 Balance, December 31,	 D	 <u>\$ 8,813,060.08</u>	 <u>\$ 8,476,208.61</u>

See accompanying notes to financial statements.



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-2

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$1,550,304.42
Increased by:		
Premium on Bonds	D-6	<u>148,984.24</u>
Balance, December 31, 2017	D	<u><u>\$1,699,288.66</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-3

	<u>Ref.</u>	2017 <u>Budget</u>	<u>Realized</u>	(Deficit) <u>or Excess</u>
Water Rents	D-1	\$12,134,000.00	\$11,673,488.21	\$ (460,511.79)
Fire Service Rents	D-1	1,100,000.00	1,112,616.27	12,616.27
Miscellaneous	D-1	823,836.00	961,446.02	137,610.02
		<u>\$14,057,836.00</u>	<u>\$13,747,550.50</u>	<u>\$ (310,285.50)</u>

Analysis of Realized Revenues:

Analysis of Water Rents:

Water Rent Collections	D-6, D-10		\$11,673,022.16	
Water Rent Liens Collected	D-6, D-12		<u>466.05</u>	
	D-1		<u>\$11,673,488.21</u>	

Analysis of Fire Service Rents:

Fire Service Rent Collections	D-6, D-11		\$ 1,112,437.87	
Prepaid Fire Service Rents Applied	D-11		<u>178.40</u>	
	D-1		<u>\$ 1,112,616.27</u>	

Analysis of Miscellaneous:

Collector:

Connections		\$ 545,015.30		
Sales of Meters		49,969.75		
Water Taps		41,346.70		
Installation and Inspection Fees		7,550.00		
Interest on Delinquencies		158,113.77		
Miscellaneous		<u>11,888.76</u>		
	D-6		\$ 813,884.28	

Treasurer:

Miscellaneous	D-6	112,318.71		
Interest Accrued - Water Capital Fund	D-14	<u>35,243.03</u>		
			<u>147,561.74</u>	
	D-1		<u>\$ 961,446.02</u>	

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-4

			Expended			
	<u>2017</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>			<u>Balance</u>
						<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 2,132,516.00	\$ 2,132,516.00	\$ 1,965,232.53	\$	\$ 167,283.47	\$
Other Expenses	8,443,500.00	8,389,425.00	7,119,167.60	855,743.36	414,514.04	
Health Benefits	1,040,000.00	1,190,997.00	1,189,089.00		1,908.00	
Insurance - Other	134,000.00	130,688.00	130,687.77		0.23	
Capital Improvements:						
Capital Improvement Fund	86,500.00	86,500.00	86,500.00			
Capital Outlay	230,000.00	230,000.00	230,000.00			
Debt Service:						
Payment of Bond Principal	1,163,000.00	1,163,000.00	1,163,000.00			
Interest on Bonds	215,142.00	215,142.00	215,141.26			0.74
Loan Repayments for Principal and Interest	162,178.00	162,178.00	162,177.25			0.75
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	285,000.00	206,986.00	206,985.39		0.61	
Social Security System (O.A.S.I.)	160,000.00	144,500.00	144,256.20		243.80	
Disability Insurance	6,000.00	5,904.00	5,904.00			
	<u>\$ 14,057,836.00</u>	<u>\$ 14,057,836.00</u>	<u>\$ 12,618,141.00</u>	<u>\$ 855,743.36</u>	<u>\$ 583,950.15</u>	<u>\$ 1.49</u>
	<u>Ref.</u>		D-6	D	D	
Disbursed	D-6		\$ 12,301,641.00			
Due to Water Capital Fund	D-13		316,500.00			
			<u>\$ 12,618,141.00</u>			

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY TRUST ASSESSMENT FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-5

	<u>Ref.</u>	
Balance, December 31, 2016	D	<u>\$ 14,487.70</u>
Balance, December 31, 2017	D	<u>\$ 14,487.70</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND  
 COMPARATIVE BALANCE SHEET - STATUTORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

		<u>BALANCE</u>	<u>BALANCE</u>
<u>ASSETS</u>	<u>REF.</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
State Aid Receivable	E -1	\$ <u>412.00</u>	\$ _____
		\$ <u>412.00</u>	\$ _____
<u>LIABILITIES AND RESERVES</u>			
Cash Overdraft	E -1	\$ <u>412.00</u>	\$ _____
		\$ <u>412.00</u>	\$ _____

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Governmental Fixed Assets</u>		
Buildings	\$ 12,304,960.00	\$ 12,304,960.00
Land	27,590,390.00	27,590,390.00
Equipment	9,545,879.95	9,099,219.01
Vehicles	9,562,167.10	9,630,818.80
	<u>\$ 59,003,397.05</u>	<u>\$ 58,625,387.81</u>
 <u>Reserve</u>		
Investments in Governmental Fixed Assets	<u>\$ 59,003,397.05</u>	<u>\$ 58,625,387.81</u>

Note: See Notes to Financial Statements

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 1: FORM OF GOVERNMENT***

**Reporting Entity**

The Township of Franklin (the "Township") is managed under a Council-Manager form of government authorized under Plan D of the "Faulkner Act of 1950". This form of government became effective July 1, 1959. The Township is divided into five wards. One councilperson is elected to represent each ward and four others are elected at large to comprise a governing body of nine councilpersons. Effective with the November 5, 2002 general election, the charter was amended to allow for the election of the Mayor by the citizens. The mayoral election was held on November 4, 2003, and the Mayor will begin the four (4) year term on January 1, 2004. This form of government provides for the administrative function of government under the Manager, supported by various department heads and for the legislative function under the Township Council.

Except as noted below, the financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Township do not include the operations of the municipal library, the board of education, the sewerage Township, first aid organizations, volunteer fire companies or fire districts.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles ("GAAP").

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is another comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices 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. Under this method of accounting, the Township accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

GASB has issued Statement No. 14, which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5. The financial statements of the Township do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Funds**

The accounting policies of the Township conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices 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. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purposes for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A: 4-39, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Affordable Housing
- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Developer's Escrow Fund
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Open Space Trust Fund
- Recreation Trust Fund
- Payroll & Payroll Agency Fund
- Assessment Trust
- Workmen's Compensation
- Historical Preservation

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Bond and Interest Fund - status of funds transferred to separate accounts for the purpose of paying matured bonds and notes, together with interest thereon.

Capital Lease Purchase Agreements – the Township's participation in capital lease purchase agreements are reflected by the annual appropriation of minimum lease payments within the Township's operating budgets. The terms of the lease, including future minimum lease payments are disclosed in the Note 3. Capital lease payable amounts are recorded within the General Capital Fund. Accounting principles generally accepted in the United States of America (GAAP) requires the activity of the capital lease purchase to be recorded in the capital projects fund and the recording of the lease payments in the long-term debt.



**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

**Basis of Accounting**

The basis of accounting as prescribed by the Division for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recognized when cash is received, except for statutory reimbursements and grant funds that are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and water utility consumer charges are recorded with offsetting reserves within the Current Fund and Water Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual, are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water utility consumer charges, which would be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet.

GAAP does not permit the deferral of over-expenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey Statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library (the "Library") or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the Township, and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

Compensated Absences - The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

Self-Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased and is not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet, with an offsetting reserve for conformity with GAAP.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Water Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Disclosures About Pension Liabilities – The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in the Notes to the Financial Statements and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. The Township, in conjunction with a third party inventory service, performed a physical inventory and assessment of fixed assets in June 1992. Assets acquired through June 1992 were valued based on actual costs, where available, and other methods including current replacement values and estimated historical costs. The Township records assets acquired subsequent to June 1992 at original costs. The general fixed asset records were updated during fiscal year 2009.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 3 to the financial statements.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recent Accounting Pronouncements:

GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of the Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

GASB issued Statement No. 82, "Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73" in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB issued Statement No. 83, "Certain Asset Retirement Obligations" in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, "Fiduciary Activities" in January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB issued Statement No. 85 "Omnibus 2017" in March 2017 The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB issued Statement No. 86, "Certain Debt Extinguishment Issues" in May 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt- are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

GASB issued Statement No. 87 “Leases” in June 2017. This Statement’s objective is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

GASB issued Statement No. 88 “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements” in April 2018. This Statement’s primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

Use of Estimates – The preparation of the financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION**

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of the debt to finance municipal capital expenditures. The Township's Debt is summarized as follows:

**A. Summary of Municipal Debt for Capital Projects**

Summarized below are the Township's individual bond and loan issues, which were outstanding at December 31, 2017 and 2016:

	2017	2016
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 22,125,000.00	\$ 13,762,000.00
Energy Lease Payable	799,951.26	863,368.10
Somerset County Improvement Authority		
Capital Lease Payable	-	124,363.77
Open Space Trust:		
Bonds and Notes	15,140,000.00	11,310,000.00
Water Utility:		
Bonds and Notes	12,270,000.00	8,433,000.00
Infrastructure Water Loan	195,000.00	339,789.75
Total Issued	50,529,951.26	34,832,521.62
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	11,704,791.67	16,403,318.67
Water Utility:		
Bonds and Notes	4,551,483.00	6,408,383.00
Total Authorized But Not Issued	16,256,274.67	22,811,701.67
Total Bonds and Notes Issued and Authorized but not Issued	\$ 66,786,225.93	\$ 57,644,223.29

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

**A. Summary of Municipal Debt for Capital Projects (continued)**

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>General Debt:</u>		
\$7,557,000, General Improvement Bonds Series 2007, with a final installment on January 15, 2017.	\$ -	\$ 832,000.00
\$10,730,000, General Improvement Refunding Bonds Series 2009, with a final installment on May 1, 2017.	-	1,510,000.00
\$9,550,000, General Improvement Bonds Series 2010, with a final installment of \$1,400,000 on May 15, 2018, interest at 3.50%	1,400,000.00	2,800,000.00
\$9,620,000, General Improvement Bonds Series 2014, due in annual installments of \$750,000 to \$1,000,000 through November 1, 2026 interest at 1.250% to 3.00%	8,000,000.00	8,620,000.00
\$12,725,000, General Improvement Bonds Series 2017, due in annual installments of \$550,000 to \$1,100,000 through December 15, 2032 interest from 2.00% to 4.00%	12,725,000.00	-
\$609,030 Somerset County Improvement Authority Capital Lease Payable 2012, due in annual installments of \$119,275 to \$124,364 through July 1, 2017, interest at 2.10%	-	124,363.77
\$8,495,000, Open Space Trust Fund Refunding Bonds Series 2009, due in annual installments of \$25,000 to \$1,355,000 through May 1, 2017, interest at 4.00% to 5.00%	-	1,355,000.00
\$6,795,000, Open Space Trust Fund Refunding Bonds Series 2014, due in annual installments of \$1,135,000 to \$1,140,000 through January 1, 2022, interest at 4.00%	5,685,000.00	6,795,000.00

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

**A. Summary of Municipal Debt for Capital Projects (continued)**

\$3,560,000, Open Space Trust Fund Bonds Series 2014, due in annual installments of \$205,000 to \$250,000 through November 1, 2029 interest at 1.25% to 3.00%.	\$ 2,955,000.00	\$ 3,160,000.00
\$6,500,000 Open Space Trust Bonds Series 2017, due in annual installments of \$300,000 to \$600,000 through December 15, 2032 interest from 2.00% to 4.00%	6,500,000.00	-
Program Loans:		
\$1,132,878.21 Energy Efficient Equipment Lease; due in annual installments of \$19,152.07 to \$111,713.64 through Sept 7, 2026, interest at 3.7529%	799,951.26	863,368.10
Total General Debt	38,064,951.26	26,059,731.87
<u>Utility Debt:</u>		
\$855,000, Infrastructure Water Loan, due in annual installments of \$60,000 to \$70,000 through Aug. 1, 2020, interest at 5.25%	195,000.00	255,000.00
\$685,612, Infrastructure Water Loan - Principal Only, due in semi-annual installments of \$1,129.66 to 44,164.70 through Feb. 1, 2027	-	4,789.75
\$860,000, Infrastructure Water Loan, due in annual installments of \$45,000 to \$80,000 through Aug. 1, 2017, interest at 3.00% to 5.00%	-	80,000.00
\$2,575,000 Water Bonds Series 2007, due in a final installment on Jan. 15, 2017.		258,000.00
\$5,440,000 Water Bonds Series 2010, due in annual installments of \$555,000 through May 15, 2020, interest at 3.50%	1,665,000.00	2,220,000.00
\$6,580,000 Water Bonds Series 2014, due in annual installments of \$375,000 to \$525,000 through November 1, 2029, interest at 1.25% to 3.00%	5,605,000.00	5,955,000.00
\$5,000,000, Water Bonds, Series 2017 due in annual installments of \$300,000 to \$600,000 through December 15, 2027 interest from 2.00% to 4.00%	5,000,000.00	-
Total Utility Debt	12,465,000.00	8,772,789.75
Total Debt Issued and Outstanding	\$ 50,529,951.26	\$ 34,832,521.62



**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

**B. Summary of Statutory Debt Condition - Annual Debt Statement**

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

<u>2017</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 99,315,257.00	\$ 99,315,257.00	\$ -
Water Utility Debt	17,016,483.00	17,016,483.00	-
General Debt	<u>49,769,742.93</u>	<u>15,490,470.13</u>	<u>34,279,272.80</u>
	<u>\$ 166,101,482.93</u>	<u>\$ 131,822,210.13</u>	<u>\$ 34,279,272.80</u>

Net Debt \$ 34,279,272.80 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,441,020,515.00 = 0.363%

<u>2016</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 104,010,257.00	\$ 104,010,257.00	\$ -
Water Utility Debt	15,186,172.75	15,186,172.75	-
General Debt	<u>42,463,050.54</u>	<u>11,660,470.13</u>	<u>30,802,580.41</u>
	<u>\$ 161,659,480.29</u>	<u>\$ 130,856,899.88</u>	<u>\$ 30,802,580.41</u>

Net Debt \$ 30,802,580.41 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,087,667,654.33 = 0.339%

The Township's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 330,435,718.03	\$ 318,068,367.90
	<u>34,279,272.80</u>	<u>30,802,580.41</u>
Remaining Borrowing Power	<u>\$ 296,156,445.23</u>	<u>\$ 287,265,787.49</u>

The Township's Borrowing Power Available Under N.J.S.A. 40A:2-7(F) at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
Borrowing Power Available Under R.S. 40:1-16(d) (Which is Available Only When the Percentage of Net Debt Exceeds 3 1/2%)		
Balance of Debt Incurring Capacity as of June 30 R.S. 40:1-16(d) as shown on Annual Debt Statement	<u>\$ 115,461.85</u>	<u>\$ 115,461.85</u>
Remaining Balance of Debt Incurring Capacity Under R.S. 40:1-16(d) at June 30	<u>\$ 115,461.85</u>	<u>\$ 115,461.85</u>

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

**B. Summary of Statutory Debt Condition (continued)**

Energy Lease Payable

In connection with a program to promote energy saving initiatives, the Township entered into a energy lease in the amount of \$1,091,900.00, which also included capitalized interest of \$40,978.21. The energy lease runs through to year 2026 at an interest rate of 3.7529%. Total payments are scheduled to be \$1,471,568.08, which includes interest payable of \$379,668.13 in total.

Calculation of "Self-Liquidating Purpose"

Water Utility Per N.J.S.A. 40A: 2-45

The calculation of "Self-Liquidating Purpose" for the Water Utility, per N.J.S.A. 40A: 2-45 as follows:

	<u>2017</u>	<u>2016</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 13,747,550.50	\$ 14,166,079.70
Deductions:		
Operating and Maintenance Costs	12,201,016.00	11,465,651.00
Debt Service	1,540,318.51	1,578,156.51
Total Deductions	13,741,334.51	13,043,807.51
Excess (Deficit) in Revenues	\$ 6,215.99	\$ 1,122,272.19

Deduction of Self-Liquidating Utility Debt for

Statutory Net Debt - Water Utility per N.J.S.A. 40A: 2-45

The differences between the excess in revenues for debt statement purposes and the statutory cash basis for the Water Utility Fund is as follows:

	<u>2017</u>	<u>2016</u>
Excess in Revenues - Cash Basis (D-1)	\$ 336,851.47	\$ 1,597,773.34
Add:		
Capital Improvements	316,500.00	265,000.00
Other Deductions to Operations	-	1,074.15
	653,351.47	1,863,847.49
Less:		
Reserves Cancelled	640,376.66	731,381.25
Other Additions to Operations	6,758.82	10,194.05
	647,135.48	741,575.30
Excess (Deficit) in Revenues	\$ 6,215.99	\$ 1,122,272.19

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

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

Year	<u>GENERAL*</u>		<u>WATER UTILITY</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$ 3,250,000.00	\$ 545,703.13	\$ 1,230,000.00	\$ 327,700.35
2019	1,850,000.00	494,625.00	1,255,000.00	299,568.75
2020	1,550,000.00	457,625.00	1,280,000.00	266,143.75
2021	1,550,000.00	426,625.00	1,055,000.00	241,931.25
2022	1,550,000.00	388,125.00	1,075,000.00	216,281.25
2023	1,550,000.00	351,625.00	1,075,000.00	188,781.25
2024	1,550,000.00	313,875.00	1,075,000.00	160,687.50
2025	1,575,000.00	269,375.00	1,075,000.00	126,000.00
2026	1,600,000.00	221,375.00	1,075,000.00	90,125.00
2027	1,100,000.00	173,375.00	1,025,000.00	57,875.00
2028	1,000,000.00	150,000.00	525,000.00	31,500.00
2029	1,000,000.00	120,000.00	525,000.00	15,750.00
2030	1,000,000.00	90,000.00		
2031	1,000,000.00	60,000.00		
2032	1,000,000.00	30,000.00		
<b>TOTAL</b>	<b>\$ 22,125,000.00</b>	<b>\$ 4,092,328.13</b>	<b>\$ 12,270,000.00</b>	<b>\$ 2,022,344.10</b>

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

Year	<u>OPEN SPACE</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2018	\$ 1,945,000.00	\$ 451,761.46	\$ 6,425,000.00	\$ 1,325,164.94
2019	1,990,000.00	394,062.50	5,095,000.00	1,188,256.25
2020	1,985,000.00	331,562.50	4,815,000.00	1,055,331.25
2021	1,985,000.00	269,162.50	4,590,000.00	937,718.75
2022	1,985,000.00	204,262.50	4,610,000.00	808,668.75
2023	750,000.00	158,562.50	3,375,000.00	698,968.75
2024	750,000.00	138,250.00	3,375,000.00	612,812.50
2025	650,000.00	112,625.00	3,300,000.00	508,000.00
2026	550,000.00	90,375.00	3,225,000.00	401,875.00
2027	550,000.00	73,875.00	2,675,000.00	305,125.00
2028	550,000.00	60,000.00	2,075,000.00	241,500.00
2029	550,000.00	43,500.00	2,075,000.00	179,250.00
2030	300,000.00	27,000.00	1,300,000.00	117,000.00
2031	300,000.00	18,000.00	1,300,000.00	78,000.00
2032	300,000.00	9,000.00	1,300,000.00	39,000.00
<b>TOTAL</b>	<b>\$ 15,140,000.00</b>	<b>\$ 2,381,998.96</b>	<b>\$ 49,535,000.00</b>	<b>\$ 8,496,671.19</b>

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

D. Loan Agreements

1 Department of Environmental Protection  
Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Water Main Cleaning and Cement Lining Project. Information relating to these loans is as follows:

	<u>Loan #1</u>
Drawn down Date	11/9/2000
Loan Amount	\$855,000.00
Interest Rates	Various
Due Dates	Aug. 1 & Feb. 1
Number of Payments	19
Final Payment Date	1-Aug-20

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the combined outstanding principle of these loans has been included in the calculation of the Township's statutory debt condition.

**Note 4: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	<u>Fund Balance</u> <u>December 31, 2017</u>	<u>Utilized in</u> <u>Succeeding Year's Budget</u>
Current Fund	\$ 26,152,491.81	\$ 7,281,686.00
Water Utility Operating Fund	8,813,060.08	1,000,000.00

	<u>Fund Balance</u> <u>December 31, 2016</u>	<u>Utilized in</u> <u>Succeeding Year's Budget</u>
Current Fund	\$ 25,116,865.61	\$ 6,234,270.00
Water Utility Operating Fund	8,476,208.61	-

**Note 5: DEFERRED COMPENSATION**

The Township has instituted a Deferred Compensation Plan (the "Plan") pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the New Jersey Statutes. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Township has engaged a private contractor to administer the Plan.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DEPOSITS AND INVESTMENTS**

New Jersey Statutes set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management plan.

**Deposits**

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey Statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. This statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

At December 31, 2017 and 2016, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash (Demand Accounts)	\$ 125,233,654.22	\$ 102,768,485.83
Change Funds (On-Hand)	<u>1,455.00</u>	<u>1,455.00</u>
	<u>\$ 125,235,109.22</u>	<u>\$ 102,769,940.83</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2017 the carrying amount of the Township’s deposits was \$125,233,654.22 and the bank balance was \$122,314,829.00.

The Township has implemented the disclosure requirements of GASB No. 40 “Deposits and Investment Risk Disclosures” (GASB 40), and accordingly, the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DEPOSITS AND INVESTMENTS (continued)**

Custodial Credit Risk – The Township’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty’s trust department or agent, but not in the Township’s name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.

Concentration of Credit Risk – This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments, except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township’s investment policy. The New Jersey Cash Management Fund is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2017, the Township was subject to Custodial Credit Risk in the following amounts:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 1,349,753.77
Insured - NJGUDPA (N.J.S.A. 17:941)	119,955,777.66
Held by Trustee (LOSAP - Unaudited)	<u>676,436.47</u>
Total	<u>\$ 121,981,967.90</u>

The Township does not have a deposit policy for custodial risk. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks, custodial credit risks (FDIC and NJGUDPA coverage’s) for its deposits and investments; concentration of credit risks and interest rate risks for its investments; nor is it exposed to foreign currency risks for its deposits and investments.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DEPOSITS AND INVESTMENTS (continued)**

**Investments**

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a Federal agency or a Federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Township or bonds or other obligations of School Districts of which the Township is a part and within which the School District is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund (the "Fund") – All investments in the Fund are governed by the regulations of the Investment Council (the "Council"), which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2017, the Township had no deposits with the Fund.

**Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the local unit's Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the local unit's Tax Collector on or before May 13th.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (continued)***

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey Statutes allow a grace period of 10 days for each payment period.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

***Note 8: PENSION PLANS***

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The Township to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary Township to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the Township to reactivate the cost of living adjustment (COLA) on pensions.

However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**A. Public Employees Retirement System**

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:



**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

A. Public Employees Retirement System (continued)

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	<u>254,685</u>
 Total	 <u>425,459</u>

Contributing Employers – 1,703

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2017, the Township's total PERS covered payroll was \$8,450,902.00. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

A. Public Employees Retirement System (continued)

contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2016 and 2017 consisted of the following:

	2016	2017
Normal Cost	\$ 920,666	\$ 966,715
Amortization of Accrued Liability	1,703,043	1,749,962
Total Pension	2,623,709	2,716,677
NCGI Premiums	122,419	123,469
Total Regular Billing	2,746,128	2,840,146
Total PERS Payment	\$ 2,746,128	\$ 2,840,146

When applicable, Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances. The Township did not participate in the Ch. 19, P.L. 2009 program.

When applicable, ERI #1 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from an entities participation in the 1991 early retirement program. The repayment term is 27 years, commencing with bills due on April 1, 1995. The Township did not participate in the ERI #1 program.

When applicable, ERI #2 billings reflect the recoupment of the additional costs of pensions and health benefits, plus interest, resulting from an entities participation in the 1993 early retirement program. A variety of repayment terms were offered as part of this retirement incentive program. The Township did not participate in the ERI #2 program.

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

A. Public Employees Retirement System (continued)

The following represents the membership tiers for PERS:

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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 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 tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more years of service credit before age 62 and tier 5 members 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 retirement age of his/her respective tier. 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Local (Non-State) Employer Member Group. The Township’s proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Township was \$32,568,768 or 0.139910%. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Local Employer Member Group. The Township’s proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Township was \$42,326,209 or 0.142911%.

For the years ended December 31, 2017, the pension system determined the Township’s pension expense to be \$2,748,980 for PERS based on the actuarial valuation, as compared to the actual required contributions made by the Township in the amounts of \$1,276,412.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

At December 31, 2017 and 2016, the Township's deferred outflows of resources and deferred inflows of resources related to the PERS pension plan are as follows:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 766,882		\$ 787,139	\$
Changes of assumptions	6,561,484	\$ 6,537,429	8,767,730	
Net difference between projected and actual earnings on pension plan investments	221,771		1,613,937	
Changes in proportion and differences between agency contributions and proportionate share of contributions	1,492,612	534,959	1,975,720	\$
Totals	\$ 9,042,749	\$ 7,072,388	\$ 13,144,526	\$

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$ 1,146,207
2019	1,511,766
2020	990,478
2021	(923,854)
2022	(754,236)
Total	\$ 1,970,361

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

Actuarial Assumptions - The total pension liability in the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 that was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15 Based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experiences will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

A. Public Employees Retirement System (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017, 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 made based on the contribution rate in the most recent fiscal year.

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
State	\$ 29,818,581,732	\$ 25,645,622,797	\$ 22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
PERS Plan Total	<u>\$ 58,697,018,759</u>	<u>\$ 48,924,024,385</u>	<u>\$ 40,792,456,582</u>
Township's proportionate share of the net pension liability	<u>\$ 40,403,767</u>	<u>\$ 32,568,768</u>	<u>\$ 26,041,243</u>

Components of Net Pension Liability – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 32,535,896,852	\$ 44,852,367,051	\$ 77,388,263,903
Plan Fiduciary Net Position	<u>(6,890,274,055)</u>	<u>(21,573,965,463)</u>	<u>(28,464,239,518)</u>
Net Pension Liability	<u>\$ 25,645,622,797</u>	<u>\$ 23,278,401,588</u>	<u>\$ 48,924,024,385</u>

**B. Police and Firemen's Retirement System (PFRS)** - The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	43,011
Inactive plan members entitled to but not yet receiving benefits	47
Active plan members	<u>40,789</u>
Total	<u>83,847</u>

Contributing Employers – 585

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

For the year ended December 31, 2017, PFRS covered payroll was \$11,488,553. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan.

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PFRS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate was 10.0% in State fiscal year 2017. Employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township Contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PFRS for the years ending December 31, 2016 and 2017 consisted of the following:

	2016	2017
Normal Cost	\$ 920,666	\$ 966,715
Amortization of Accrued Liability	1,703,043	1,749,962
Total Pension	2,623,709	2,716,677
NCGI Premiums	122,419	123,469
Total Regular Billing	2,746,128	2,840,146
Total PERS Payment	\$ 2,746,128	\$ 2,840,146

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

The following represents the membership tiers for PFRS:

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



**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260,198 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$54,604,559 or 0.353701%. At June 30, 2016, the PFRS reported a net pension liability of \$19,102,557,969 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$66,541,583 or 0.348339%.

For the year ended December 31, 2017, the pension system determined the Township's pension expense to be \$5,966,961 for PFRS based on the actuarial valuation, as compared to the actual required contributions made by the Township in the amounts of \$2,840,146.

Actuarial Assumptions- The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases: Through 2026	2.10-8.98% Based on age
Thereafter	3.10-9.98% Based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

Post- retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 real rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017 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 and the nonemployer contributing entity will be made based on the contribution rate in the most recent

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>At 1% Decrease</u> <u>(5.14%)</u>	<u>At current discount rate</u> <u>(6.14%)*</u>	<u>At 1% increase</u> <u>(7.14%)</u>
State	\$ 5,202,348,756	\$ 4,395,743,141	\$ 3,734,560,750
Local	<u>22,619,279,081</u>	<u>17,167,260,198</u>	<u>12,687,806,745</u>
PFRS Plan Total	<u>\$27,821,627,837</u>	<u>\$21,563,003,339</u>	<u>\$16,422,367,495</u>

\*- Local Share includes \$1,729,193,507 of Special Funding Situation allocated to the State of NJ as a non-employer.

Township's proportionate share of the net pension liability	<u>\$ 80,004,616</u>	<u>\$ 60,720,771</u>	<u>\$ 44,876,899</u>
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Components of Net Pension Liability – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 5,939,531,281	\$41,471,190,457	\$47,410,721,738
Plan Fiduciary Net Position	<u>1,543,788,140</u>	<u>24,303,930,259</u>	<u>25,847,718,399</u>
Net PFRS Pension Liability	<u>\$ 4,395,743,141</u>	<u>\$17,167,260,198</u>	<u>\$21,563,003,339</u>

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

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

At December 31, 2017 and 2016, the Township's deferred outflows of resources and deferred inflows of resources related to the PFRS pension plan are as follows:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 354,242	\$ 320,483		\$ 436,190
Changes of assumptions	6,733,350	8,942,630	\$ 9,216,556	
Net difference between projected and actual earnings on pension plan investments	1,041,983		4,662,435	
Changes in proportion and differences between agency contributions and proportionate share of contributions	3,003,778	121,759	3,236,214	169,883
Totals	\$ 11,133,353	\$ 9,384,872	\$ 17,115,205	\$ 606,073

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$ 1,645,981
2019	2,736,528
2020	504,074
2021	(2,130,815)
2022	(1,007,287)
Total	\$ 1,748,481

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, 5.53, and 6.17 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: PENSION PLANS (continued)**

**C. Defined Contribution Retirement System (DCRP)**

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or 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 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2017, the membership in the DCRP, based on the information within the Division's database, was 46,557.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

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.

For the year ended December 31, 2017, the Township's total DCRP covered payroll was \$379,252.85. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan.

**D. Cumulative PERS and PFRS Deferred Outflows of Resources and Deferred Inflows of Resources**

	Net Pension <u>Liability</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	Total Pension <u>Expense</u>
PERS	\$ 32,568,768	\$ 9,042,749	\$ 7,072,388	\$ 1,276,412
PFRS	<u>54,604,559</u>	<u>11,133,353</u>	<u>9,384,872</u>	<u>2,840,146</u>
Total	<u>\$ 87,173,327</u>	<u>\$ 20,176,102</u>	<u>\$ 16,457,260</u>	<u>\$ 4,116,558</u>

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTHCARE BENEFITS**

The Township provides health benefits to its employees through a premium-based traditional risk transfer employee health insurance program. Benefit provisions for the Township are established and amended through negotiations between the Township and the respective unions, along with prior negotiated contracts. GASB 45 requires a bi-annual actuarial valuation of the Township’s annual postemployment benefit (“OPEB”) cost (expense), resulting in a two-year cycle for the update of the presented information.

The Township’s OPEB cost (expense) is calculated based on the annual required contributions of the employer (“ARC”), an amount actuarially determined in accordance with the parameters espoused in GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township’s annual OPEB cost for the year, any amounts contributed to the OPEB and the Township’s net OPEB obligation. For 2016, the most recent biennially required calculation, the Township’s annual OPEB cost (expense) of \$7,969,800.00, whereas the ARC was calculated as \$9,149,600.00.

	12/2016	12/2014	12/2012
	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>Most Recent Required Actuarial Valuations:</u>			
Net OPEB obligation - beginning of year	\$ 66,167,300.00	\$ 49,920,600.00	\$ 31,854,300.00
Annual required contribution (ARC)	7,969,800.00	10,131,000.00	11,131,300.00
Less: Contributions	<u>(2,034,400.00)</u>	<u>(1,840,100.00)</u>	<u>(2,066,500.00)</u>
 Net OPEB obligation - end of year	 <u>\$ 72,102,700.00</u>	 <u>\$ 58,211,500.00</u>	 <u>\$ 40,919,100.00</u>

	12/2016	12/2015	12/2014
	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>Historical Annual OPEB Cost and Net OPEB Obligation (Last three fiscal years):</u>			
Annual OPEB Cost	\$ 7,969,800.00	\$ 9,983,200.00	\$ 10,131,000.00
Percentage of Annual OPEB Cost Contributed	25.50%	20.30%	18.20%
Net OPEB Obligation	\$ 72,107,700.00	\$ 66,167,300.00	\$ 58,211,500.00

The funded status of the plan for the Township as of December 31, 2016, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 104,859,300.00
Actuarial value of plan assets	<u>-</u>
 Unfunded actuarial accrued liability (UAAL)	 <u>\$ 104,859,300.00</u>
 Funded ratio (actuarial value of plan assets/AAL)	 0.00%
Covered payroll (active plan members)	\$ 23,561,139.00
UAAL as a percentage of covered payroll	445.05%

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 9: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS –  
HEALTHCARE BENEFITS (continued)**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit cost method was used. A rate of 4.00% was utilized as the discount rate and the amount of increase in the normal cost amount. The amortization cost for the initial Unfunded Actuarial Accrued Liability an open, level dollar amortization over the GASB 45 maximum allowable period of thirty (30) years.

**Note 10: ACCRUED SICK AND VACATION BENEFITS**

The Township has established uniform personnel policies via employee contracts and municipal ordinances that set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave - Sick Leave shall accumulate at the rate of one (1) day per month for all permanent employees and shall be cumulative from year to year to a maximum of 110 days. Upon retirement or death after 10 years of service, the employee or his/her survivor is entitled to receive full payment for any unused accumulated sick leave up to 110 days computed on the basis of final wages. Effective January 1, 1988, allowable accumulations for the Township police officers enrolled in the PFRS increase by 10% per year of the total days accumulated from a zero base as of the effective date of enrollment to 100% of the maximum allowed.

Vacations - Vacation pay for permanent employees accumulates in accordance with the approved schedules. Vacation days may be taken in year earned, but not to exceed the number of days earned at time of vacation. Earned vacation may be accumulated up to two (2) years of current vacation credits. Any employee who has separated his/her employment may be paid the salary equivalent to accrued vacation earned, not to exceed more than two (2) years of current vacation credits earned.

The Township maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. The cost of such unpaid sick and vacation pay calculated, using applicable capped payout limitations, is calculated at \$5,928,988.12 and \$6,108,346.00 as at December 31, 2017 and 2016, respectively. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10: ACCRUED SICK AND VACATION BENEFITS (continued)**

The Township has not discounted the total based upon a study of utilization by employees separating from service, nor has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

**Note 11: RISK MANAGEMENT**

The Township maintains a self-insurance risk management program for claims relating to Automobile Collision Liability (Township Only), Eyeglass Liability and Disability Liability. The Township retains all risks associated with Collision Liability, for Township vehicles only, and Eyeglass Liability, and retains all risks for the second and third months only for Disability Liability. In addition, the Township maintains a reserve for environmental impairment.

The Township continued to carry commercial insurance for other risks of loss, including workers' compensation and employee health and accident insurance through December 31, 2017. In addition, the Township had established a self-insured Worker's Compensation fund in 1990, which combines risk retention and reinsurance coverage for claims relating to statutory Workers' compensation.

For the Fiscal Year Ended December 31, 2017, the Township obtained specific excess insurance coverage as follows:

Company's Limit of Indemnity Each Occurrence	\$ 1,000,000.00
Worker's Compensation & Employer's Liability Combined	\$10,000,000.00

Changes in the Self-Insurance Fund reserves, the Workmen's Compensation Fund reserve and the Environmental/Impairment reserve at December 31, 2017 and 2016 were:

2017

	Balance December 31, 2016	Increases to Reserves	Decreases To Reserves	Balance December 31, 2017
Other Insurance Reserves	\$ 268,914.33	\$ 148,947.30	\$ 46,916.41	\$ 370,945.22
Workers's Compensation	739,246.85	213,424.64	162,102.28	790,569.21
Environmental Impairment	99,394.05	359.72		99,753.77

2016

	Balance December 31, 2015	Increases to Reserves	Decreases To Reserves	Balance December 31, 2016
Other Insurance Reserves	\$ 241,147.25	\$ 79,912.66	\$ 52,145.58	\$ 268,914.33
Workers's Compensation	689,587.09	133,832.71	84,172.95	739,246.85
Environmental Impairment	99,394.05			99,394.05



**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 11: RISK MANAGEMENT (continued)**

The Township, together with other governmental units, is a member of the Central Jersey Joint Insurance Fund (the "CJ JIF"). The Joint Insurance Fund (the "JIF"), which is organized and operated pursuant to the regulatory Township of the Department of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. Payments to the JIF are calculated by the CJ JIF's governing board based upon actuarial and budgetary requirements. Each participant in the CJ JIF is jointly and severally obligated for any deficiency in the amount available to pay all claims. The JIF insures against property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and workers compensation. Additional assessments or premiums can be levied by the CJ JIF to assure payment of the JIF's obligations. The JIF's governing board based upon actuarial and budgetary requirements calculates payments to the CJ JIF. The JIF contracts for excess liability insurance for property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and worker's compensation. At December 31, 2016, the CJ JIF reported for all years combined, total assets of \$19,940,289.81, liabilities and reserves of \$12,596,085.69, which includes case and IBNR reserves of \$12,175,823.19, and an unrestricted net position of \$7,344,204.12. See Note 16 - Commitments and Contingencies with respect to the Township's participation in the CJ JIF. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this method, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Following is a summary of Township appropriations, interest earning and remittances to the State are as follows:

<u>Year</u>	Township Appropriation	Net Interest Earnings/Employee Contributions/ Remittances	Ending Balance
CY 2017	\$ -	\$ (58,201.88)	\$ 1,236,442.22
CY 2016	-	(33,522.02)	1,294,644.10
CY 2015	-	(27,505.88)	1,328,166.12
CY 2014	-	(21,937.94)	1,355,672.00
CY 2013	-	(74,327.18)	1,377,609.94
CY 2012	500,000.00	(38,881.49)	1,451,937.12
TY 2011	500,000.00	(30,283.54)	990,818.61
SFY 2011	500,000.00	(208,668.36)	521,105.12
SFY 2010	291,000.00	(133,913.59)	229,269.39
SFY 2009		(35,375.36)	71,992.93
SFY 2008		(5,616.82)	107,368.29

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

***Note 12: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED***

The Township has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The program provides for fixed annual contributions to a deferred income account for volunteer firefighters who meet specified service criteria. In accordance with State of New Jersey regulations, LOSAP is subject to an accountant's review report and is unaudited. The unaudited LOSAP balances are included within the Trust Fund.

***Note 13: LONG TERM TAX EXEMPTIONS***

The Township provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Township are predominately for affordable housing projects. Taxes abated include municipal, local school, county and fire district taxes. The Township is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Township PILOT billings in 2017 were \$318,690.31 and the taxes in 2017, as listed above, that otherwise would have been due on these long-term tax exemptions amounted to \$494,610.00, based upon the assessed valuations of the long-term tax exemptions properties.

***Note 14: COMMITMENTS AND CONTINGENCIES***

The Township participates in various Federal and State financial assistance grant programs ("programs"). Entitlement to the programs is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Township believes that it is in compliance with Federal and State laws and regulations, as well as grantor requirements.

As a constituent member of the Central Jersey Joint Insurance Fund (the "CJJIF"), the Township of Franklin, together with the other members of the CJJIF, is jointly and severally responsible for the timely payment of Supplemental and Retrospective Assessments levied with the approval of the CJJIF Commissioners. At December 31, 2016, the CJJIF had outstanding Supplemental and Retrospective Assessments Receivable in the amount of \$3,586,965.00, which were levied and are due in ten equal installments to its members.

The Supplemental Assessments were established as receivables from the constituent members in the same proportion as the original assessments for each Loss Year were levied. At December 31, 2016 and including year 2017, it was estimated Franklin Township would be required to make additional payments to the CJJIF or forego dividend payments (if any should be declared) from 2017 through 2023 in the total amount of \$220,594.00 for its allocated share of the Supplemental and Retrospective Assessments.

As of the date of this report, the Township was not involved in any pending or threatened litigation nor any unasserted claims or assessments that would be of a material nature. There are a number of commercial tax appeals pending before the Tax Court. At December 31, 2017, the Township has \$2,221,883.92 available for this purpose in a special reserve and has appropriated \$500,000.00 in the 2017 budget, which may be utilized to the extent available.

At year-end December 31, 2017, the Township has commitments outstanding in the General Capital Fund in the amount of \$2,951,220.94 and \$1,406,744.06 in the Water Capital Fund.

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Note 15: INTERFUNDS**

The following interfund balances remained on the balance sheet at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 310,783.81	\$ 5,739,747.10
Grant Fund		5,328.09
Trust - Other		182,631.57
Self-Insurance		3,181.20
Open Space Trust	14,842.00	5,954,129.00
Recreation Trust		3,696.16
Payroll and Payroll Agency		115,946.79
General Capital	11,679,034.10	
Water Operating		295,744.67
Water Assessment	14,487.70	
Water Capital	281,256.97	
Totals	<u>\$ 12,300,404.58</u>	<u>\$ 12,300,404.58</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to fund the appropriation and the statute or budget to expend them.

**Note 16: SUBSEQUENT EVENTS**

The Township has evaluated the possibility of subsequent events existing in the Township's financial statements occurring after December 31, 2017, through to the date the financial statements were available to be issued. The Township has determined that the following event requires disclosure in the Township's financial statements:

The Township authorized the following bond and capital ordinances:

<u>Ord. No.</u>	<u>Description</u>	<u>Total Authorized</u>	<u>Bonds and Notes Authorized</u>
4230-18	Var. Capital Acquis. & Improvs.	\$ 2,306,418.00	\$ -
4231-18	Var. Capital Acquis. & Improvs. - Water Utility	\$ 961,500.00	\$ -
4232-18	Var. 2018 Capital Improvs. & Equip. Acquis.	\$ 1,582,000.00	\$ 1,502,900.00
4233-18	Main Replacement & Cleaning - Water Utility	\$ 1,020,000.00	\$ 1,020,000.00
4234-18	Var. Capital Acquis. - Open Space	\$ 1,506,000.00	\$ -

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Township's Proportion of the Net Pension Liability	0.131051%	0.136366%	0.142911%	0.139910%
Township's Proportionate Share of the Net Pension Liability	\$24,536,410	\$30,611,412	\$42,326,209	\$32,568,768
Township's Covered-Employee Payroll	\$9,343,330	\$ 9,534,010	\$ 9,532,150	\$ 8,450,902
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	262.61%	321.08%	444.04%	385.39%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local)	48.72%	47.93%	40.14%	48.10%

\* Amounts presented for each year were determined as of June 30.

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 969,457	\$ 1,080,369	\$ 1,172,381	\$ 1,276,412
Contribution in Relation to Contractually Required Contribution	<u>\$ (969,457)</u>	<u>\$ (1,080,369)</u>	<u>\$ (1,172,381)</u>	<u>\$ (1,276,412)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$ 9,343,330	\$ 9,534,010	\$ 9,532,150	\$ 8,450,902
Contributions as a percentage of Covered Employee Payroll	10.38%	11.33%	12.30%	15.10%

\* Amounts presented for each year were determined as of June 30.

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY  
POLICE AND FIREMEN RETIREMENT SYSTEM  
 (Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the Non-State, Non-Special Funding Situation Employer Group Net Pension Liability attributable to the Township	0.339827%	0.337839%	0.348339%	0.353701%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group	\$42,747,034	\$56,272,218	\$66,541,583	\$54,604,559
Township's Covered-Employee Payroll	\$10,768,132	\$10,987,890	\$11,433,321	\$11,488,553
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group as a percentage of the Township's Covered-Employee Payroll	396.98%	512.13%	582.00%	475.30%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Local)	58.70%	56.31%	52.01%	58.60%

\* Amounts presented for each year were determined as of June 30.

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS  
POLICE AND FIREMEN RETIREMENT SYSTEM  
 (Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years\*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 2,262,629	\$ 2,610,103	\$ 2,746,128	\$ 2,840,146
Contribution in Relation to Contractually Required Contribution	<u>\$ (2,262,629)</u>	<u>\$ (2,610,103)</u>	<u>\$ (2,746,128)</u>	<u>\$ (2,840,146)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$10,768,132	\$10,987,890	\$11,433,321	\$11,488,553
Contributions as a percentage of Covered Employee Payroll	21.01%	23.75%	24.02%	24.72%

\* Amounts presented for each year were determined as of June 30.



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

REQUIRED SUPPLEMENTARY INFORMATION  
 POSTEMPLOYMENT HEALTH BENEFITS  
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date*</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008**	\$ -	\$ 109,274,000	\$ 109,274,000	0.00%	\$ 25,194,201	433.73%
7/1/2010	\$ -	\$ 122,524,600	\$ 122,524,600	0.00%	\$ 23,041,264	531.76%
1/1/2012	\$ -	\$ 113,863,400	\$ 113,863,400	0.00%	\$ 23,776,854	478.88%
1/1/2014	\$ -	\$ 113,718,400	\$ 113,718,400	0.00%	\$ 23,825,468	477.30%
1/1/2016	\$ -	\$ 104,859,300	\$ 104,859,300	0.00%	\$ 23,561,139	445.05%

\* GASB Statement 45 requires a bi-annual calculation of the actuarial accrued liability for postemployment benefit plans - other than pension plans. The most recent required calculation was prepared for the actuarial valuation date of January 1, 2016.

\*\* Represents the initial required actuarial valuation prepared.

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF SOMERSET, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**DECEMBER 31, 2017**

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 29, 2018. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms: None

Changes in assumptions:

For 2017, the discount rate changed to 5.00% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually, For 2014, the discount rate was 5.39%.

**PFRS**

Changes in benefit terms: None

Changes in assumptions:

For 2017, the discount rate change to 6.14% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate change to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

***SUPPLEMENTARY INFORMATION***

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-4

		<u>Current Fund</u>	<u>Grant Fund</u>
<u>Ref.</u>			
Balance, December 31, 2016	A	\$ 39,347,576.52	\$ 1,294,795.78
Increased by Cash Receipts			
Miscellaneous Revenue Not Anticipated	A-2	\$ 1,277,281.21	\$
Miscellaneous Anticipated Revenue	A-8	13,050,092.24	
Prepaid Taxes	A-7	11,327,618.07	
Taxes Receivable	A-7	220,366,677.97	
Tax Title Liens Receivable	A-7	42,869.44	
Due NJ Sr Citizens and Veterans Deductions	A-6	327,163.02	
Miscellaneous Accounts Payable & Reserves	A-9	576,913.00	
Petty Cash Returned	A-5	1,650.00	
Tax Overpayments	A-10	502,464.36	
Interfunds (Net)	A-12, A-16	254,245.76	27,484.88
Grants Receivable	A-14		<u>743,014.22</u>
Total Cash Receipts		247,726,975.07	770,499.10
Decreased by Disbursements			
Budget Appropriations	A-3	(48,370,252.72)	
Tax Overpayments	A-10	(480,060.31)	
Taxes Payable	A-11	(183,999,170.90)	
Appropriation Reserves	A-13	(1,273,347.10)	
Miscellaneous Accounts Payable & Reserves	A-9	(1,168,841.24)	
Petty Cash Advanced	A-5	(1,650.00)	
Grant Appropriations	A-15		<u>(607,580.41)</u>
Total Cash Disbursements		<u>(235,293,322.27)</u>	<u>(607,580.41)</u>
Balance, December 31, 2017	A	<u>\$ 51,781,229.32</u>	<u>\$ 1,457,714.47</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-5

SCHEDULE OF PETTY CASH AND CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance December 31, 2016	Advanced	Returned	Balance December 31, 2017
<b>Change Funds:</b>				
Collector	\$ 400.00	\$	\$	\$ 400.00
Township Clerk	125.00			125.00
Municipal Court	100.00			100.00
Health Department	100.00			100.00
Land Use - Engineering	25.00			25.00
Police Records Clerk	75.00			75.00
Public Works	330.00			330.00
Recreation	100.00			100.00
<b>Petty Cash Funds:</b>				
Finance		500.00	500.00	
Police		500.00	500.00	
Public Works		400.00	400.00	
Recreation		250.00	250.00	
	\$ 1,255.00	\$ 1,650.00	\$ 1,650.00	\$ 1,255.00
<u>Ref.</u>	A	A-4	A-4	A

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF DUE TO NEW JERSEY - SENIOR CITIZENS AND  
VETERANS DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-6

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$ 8,250.00
Increased by:		
Sr Citizens & Vet. Deductions - Original Levy	A-6	\$ 337,500.00
Deductions Allowed by Tax Collector - Current Year	A-6	<u>6,750.00</u>
Total Increases		344,250.00
Decreased by:		
Cash Received from State of NJ	A-4	(327,163.02)
Deductions Disallowed by Tax Collector - Current Year	A-6	(2,000.00)
Deductions Disallowed by Tax Collector - Prior Year	A-1	<u>(16,586.98)</u>
Total Decreases		<u>(345,750.00)</u>
Balance, December 31, 2017	A	<u>\$ 6,750.00</u>
<u>Analysis of Realized Revenues:</u>		
Sr. Cit. And Vets. Deduction per Tax Billing	A-6	\$ 337,500.00
Add: Deductions Allowed	A-6	6,750.00
Less: Deductions Disallowed	A-6	<u>(2,000.00)</u>
Realized Revenue - 2017	A-7	<u>\$ 342,250.00</u>
<u>Analysis of Senior Citizens/Veterans Reimbursement by State (P.L. 1976, c.73):</u>		
Funds Received from State of New Jersey		\$ 333,706.28
Less: Administrative Fee		<u>(6,543.26)</u>
		<u>\$ 327,163.02</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND LEVY ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-7

<u>Year</u>	Balance, <u>December 31, 2016</u>	Added Taxes and <u>Levy</u>	<u>Collected</u>		State Veterans' and Senior Citizens' <u>Deductions</u>	Transferred to Tax <u>Title Liens</u>	Adjustments and <u>Cancelled</u>	Balance, <u>December 31, 2017</u>
			<u>Prepaid</u>	<u>1/1/17 - 12/31/17</u>				
Arrears	\$ 102,746.12	\$	\$	\$ 82,139.45	\$	\$	\$ (1,693.74)	\$ 22,300.41
2014	32,268.21			25,398.06			882.99	5,987.16
2015	50,215.78			37,054.06			3,896.55	9,265.17
2016	2,674,499.04			2,321,891.45		78,796.79	80,010.95	193,799.85
2017	<u>                    </u>	<u>223,297,344.96</u>	<u>1,905,691.13</u>	<u>217,900,194.95</u>	<u>342,250.00</u>	<u>127,054.15</u>	<u>178,585.10</u>	<u>2,843,569.63</u>
	<u>\$ 2,859,729.15</u>	<u>\$ 223,297,344.96</u>	<u>\$ 1,905,691.13</u>	<u>\$ 220,366,677.97</u>	<u>\$ 342,250.00</u>	<u>\$ 205,850.94</u>	<u>\$ 261,681.85</u>	<u>\$ 3,074,922.22</u>
<u>Ref.</u>	A	Below	A	A-4	A-6		Reserve	A
		Prepaid Taxes - 2018	A, A-4	<u>\$ 11,327,618.07</u>				
<u>Analysis of 2017 Property Tax Levy:</u>								
General Purpose Tax:								
General Property Tax		\$ 221,955,676.98				\$ 176,588.82		
Added Taxes		<u>1,341,667.98</u>				205,850.94		
			<u>\$ 223,297,344.96</u>			30,220.86		
<u>Tax Levy:</u>								
Local District School Tax Levy	A-11	\$ 139,288,627.00				A-4 <u>(42,869.44)</u>		
County Tax	A-11	30,143,336.93						
County Open Space	A-11	2,854,996.73						
County Added and Omitted	A-11	199,837.24						
Fire & SID Special District Taxes	A-11	6,756,571.00						
Municipal Open Space Levy	A-11	<u>4,755,802.00</u>						
			\$ 183,999,170.90					
Local Taxes:								
Municipal Purposes	A-2	34,961,693.00						
Library	A-2	<u>3,078,376.00</u>						
		38,040,069.00						
Added taxes		<u>1,258,105.06</u>						
			39,298,174.06					
			<u>\$ 223,297,344.96</u>					
<u>Tax Title Lien Activity:</u>								
						\$ 176,588.82		
						205,850.94		
						30,220.86		
						A-4 <u>(42,869.44)</u>		
						A <u>\$ 369,791.18</u>		
<u>Current Year Tax Collections:</u>								
						\$ 342,250.00		
						1,905,691.13		
						<u>217,900,194.95</u>		
						<u>\$ 220,148,136.08</u>		
<u>Delinquent Collections:</u>								
						\$ 2,466,483.02		
						<u>42,869.44</u>		
						<u>\$ 2,509,352.46</u>		

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES AND MISCELLANEOUS REVENUES NOT ANTICIPATED  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-8

	<u>December 31, 2016</u>	<u>Accrued/ Adjustments</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Adjustments</u>	<u>December 31, 2017</u>
Revenue Accounts Receivable:						
Non-Budgetary:						
Collector Receivables:						
SID Receivable - (Net)	\$ 555.17	\$	\$ (555.17)	\$	\$	\$
Ordinance 181 - Grass & Weeds	31,855.43	72,917.19	(52,341.87)		(2,670.07)	49,760.68
Departmental Receipts		1,217,840.91	(1,217,840.91)			
Total	<u>\$ 32,410.60</u>	<u>\$ 1,290,758.10</u>	<u>\$ (1,270,737.95)</u>	<u>\$</u>	<u>\$ (2,670.07)</u>	<u>\$ 49,760.68</u>
Ref.	A					A

Analysis of Miscellaneous Revenues:

Current Year Revenue Collections	A-4		\$ 13,050,092.24
Subtotal	A-2		13,050,092.24
Grant Revenues Realized	A-2		728,565.05
	A-2		<u>\$ 13,778,657.29</u>

Miscellaneous Revenues Not Anticipated:

Miscellaneous Departmental Receipts			\$ 1,217,840.91
Senior Citizen/Veterans Administrative Fee			6,543.26
Ordinance 181 - Grass & Weeds			52,341.87
			<u>1,276,726.04</u>
Miscellaneous Revenues Not Anticipated	A-2		1,276,726.04
Other Receivables Collected	A-8		555.17
	A-4		<u>\$ 1,277,281.21</u>



TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-9

	<u>Balance,</u> <u>December 31, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Adjustments</u>	<u>Balance,</u> <u>December 31, 2017</u>
Accounts Payable:					
Vendor Accounts Payable	\$ 1,441,481.84	\$	\$ (161,908.05)	\$ 837,700.18	\$ 2,117,273.97
Third Party Elevator Inspections Fees	18,590.00				18,590.00
Marriage License Filing Fees	1,775.00	27,037.00	(15,662.00)		13,150.00
State Training Fees	92,516.00	549,876.00	(586,470.00)		55,922.00
Subtotal	1,554,362.84	576,913.00	(764,040.05)	837,700.18	2,204,935.97
Reserve for:					
Rescue Squad Funds	8,560.00				8,560.00
Police Harley	2,456.00				2,456.00
Tax Appeals	2,119,449.08		(397,565.16)	500,000.00	2,221,883.92
Special District Levy	219,812.75		(7,236.03)		212,576.72
Reserve for Library	88,230.13				88,230.13
Subtotal	2,438,507.96		(404,801.19)	500,000.00	2,533,706.77
Total	\$ 3,992,870.80	\$ 576,913.00	\$ (1,168,841.24)	\$ 1,337,700.18	\$ 4,738,642.74
<u>Ref.</u>	A	A-4	A-4	A-3, A-13	A

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-10

SCHEDULE OF PROPERTY TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior Year</u>
Balance, December 31, 2016	A	\$ 3,437.12	\$	\$ 3,437.12
Cash Receipts - Tax Overpayments	A-4	502,464.36	208,599.03	293,865.33
Cash Payments - Refunds	A-4	<u>(480,060.31)</u>	<u>(186,803.58)</u>	<u>(293,256.73)</u>
Balance, December 31, 2017	A	<u>\$ 25,841.17</u>	<u>21,795.45</u>	<u>\$ 4,045.72</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-11

	<u>Balance,</u> <u>December 31, 2016</u>	<u>Taxes</u> <u>Levied</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>December 31, 2017</u>
County - General	\$	\$ 30,143,336.93	\$ (30,143,336.93)	\$
County - Open Space		2,854,996.73	(2,854,996.73)	
County - Added & Omitted		199,837.24	(199,837.24)	
Local District School Taxes		139,288,627.00	(139,288,627.00)	
Municipal Local Open Space		4,755,802.00	(4,755,802.00)	
Fire Districts		6,756,571.00	(6,756,571.00)	
<hr/>				
Total	<u>\$</u>	<u>\$ 183,999,170.90</u>	<u>\$ (183,999,170.90)</u>	<u>\$</u>

<u>Ref.</u>	A	A-7	A-4	A
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Fire District Taxes Levied:

Fire District #1	\$ 3,807,627.00
Fire District #2	1,281,667.00
Fire District #3	1,619,190.00
Fire District #4	48,087.00
	<hr/>
	<u>\$ 6,756,571.00</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF INTERFUNDS RECEIVABLE AND PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

A-12

	<u>Balance,</u> <u>December 31, 2016</u>	<u>Cash</u> <u>Receipts/</u> <u>(Disbursements)</u>	<u>Adjustments</u>	<u>Balance,</u> <u>December 31, 2017</u>
Interfunds:				
Grant Fund	\$ 22,156.79	\$ (27,484.88)		\$ (5,328.09)
Trust - Other Funds	(305,459.62)	122,828.05		(182,631.57)
Recreation Trust	(1,895.33)	1,895.33	(3,696.16)	(3,696.16)
Payroll/Payroll Agency	(365,305.41)	249,358.62		(115,946.79)
Self Insurance Fund	96,554.93	(99,736.13)		(3,181.20)
General Capital Fund	4,149,476.33		1,575,428.77	5,724,905.10
Workers Compension Fund	46,694.60	(46,694.60)		
Open Space Trust Fund	(39,237.37)	54,079.37		14,842.00
Total	\$ 3,602,984.92	\$ 254,245.76	\$ 1,571,732.61	\$ 5,428,963.29
<u>Ref.</u>	A	A-4		A
Detail:				
Interfunds Receivable ( )	\$ (711,897.73)			\$ (310,783.81)
Interfunds Payable	4,314,882.65			5,739,747.10
Total	\$ 3,602,984.92			\$ 5,428,963.29

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>BALANCE</u> <u>December 31, 2016</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>December 31, 2016</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ACCOUNTS PAYABLE</u> <u>December 31, 2017</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive						
Salaries and Wages	\$ 21,573.49	\$	\$ 21,573.49	\$	\$ 21,561.45	\$ 12.04
Other Expenses	268,342.93	5,443.99	273,786.92	2,725.85	2,340.61	268,720.46
Human Resources (Personnel):						
Salaries and Wages	13,566.42		13,566.42		13,566.42	
Other Expenses	9,494.00	2,426.00	11,920.00	554.00	1,820.00	9,546.00
Mayor and Council						
Salaries and Wages	728.78		728.78			728.78
Other Expenses	11,876.75	145.00	12,021.75	155.00		11,866.75
Municipal Clerk						
Salaries and Wages	35,875.44		35,875.44	540.00	34,443.54	891.90
Other Expenses	4,145.40	11,595.34	15,740.74	6,714.31	2,255.48	6,770.95
Financial Administration:						
Salaries and Wages	3,719.46		3,719.46		3,719.46	
Other Expenses	18,241.40	75,458.63	93,700.03	75,457.50	1.13	18,241.40
Audit Services:						
Other Expenses	10,625.00	29,175.00	39,800.00	29,925.00		9,875.00
Computerized Data Processing						
Salaries and Wages	4,016.78		4,016.78	112.66	3,904.12	
Other Expenses	27,883.96	17,437.63	45,321.59	10,125.75	7,312.33	27,883.51
Revenue Administration (Tax Collection)						
Salaries and Wages	5,891.52		5,891.52		5,891.52	
Other Expenses	149.93	18.20	168.13		18.20	149.93
Tax Assesment Administration:						
Salaries and Wages	5,415.68		5,415.68		5,415.68	
Other Expenses	87,508.64		87,508.64	30,056.25		57,452.39
Legal Services and Costs:						
Other Expenses	2,737.08	176,552.76	179,289.84	26,197.35	150,355.41	2,737.08
<u>GENERAL GOVERNMENT CONT</u>						
Prosecutor						
Other Expenses	178.08	903.00	1,081.08		500.00	581.08

TOWNSHIP OF FRANKLIN  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>BALANCE</u> <u>December 31, 2016</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>December 31, 2016</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ACCOUNTS PAYABLE</u> <u>December 31, 2017</u>	<u>BALANCE</u> <u>LAPSED</u>
Municipal Court						
Salaries and Wages	\$ 11,467.51	\$	\$ 11,467.51	\$ 5,236.15	\$ 6,231.36	\$
Other Expenses	6,807.89	2,669.72	9,477.61	1,343.88	1,235.84	6,897.89
Engineering Services and Costs:						
Salaries and Wages	416.41		416.41		416.41	
Other Expenses	8,956.24		8,956.24	1,875.00		7,081.24
Economic Development Program:						
Other Expenses	62,567.00	37,738.04	100,305.04	67,738.04		32,567.00
Planning Board						
Salaries and Wages	4,809.94		4,809.94		4,809.94	
Other Expenses	17,090.43	39,777.95	56,868.38	19,656.54		37,211.84
Public Works- General:						
Salaries and Wages	6,771.66		6,771.66	4,178.06		2,593.60
Road Repairs and Maintenance:						
Salaries and Wages	1,341.82	39,223.77	40,565.59	1,341.82	39,223.77	
Other Expenses	8,542.00	398,120.17	406,662.17	229,790.86	168,914.35	7,956.96
Public Works - Recycling						
Other Expenses	46,873.48	14,281.44	61,154.92	16,335.56	45.00	44,774.36
Shade Tree Commission:						
Other Expenses	205.00	45.00	250.00		45.00	205.00
Public Works - Building and Grounds:						
Other Expenses	7,066.87	39,761.97	46,828.84	27,182.98	8,909.82	10,736.04
Public Works - Vehicle Maintenance:						
Other Expenses	1,175.77	27,560.54	28,736.31	20,634.83	2,609.77	5,491.71
Community Service Act (Condo Community)						
Other Expenses	104,186.75	6,482.38	110,669.13	7,500.00	6,482.38	96,686.75
Animal Control Service						
Salaries and Wages	23,632.72		23,632.72	649.96	22,982.76	
Other Expenses	3,172.62	4,485.74	7,658.36	1,821.78	1,836.23	4,000.35
Police:						
Salaries and Wages	78,960.76		78,960.76	74,300.68	2,195.39	2,464.69
Other Expenses	76,709.67	75,612.20	152,321.87	83,247.37	7,823.17	61,251.33
<u>DEPARTMENT OF RECREATION, COMMUNITY</u>						
<u>CELEBRATIONS AND PARK ADMINISTRATION</u>						
Division of Recreation and Park Administration:						
Salaries and Wages	36,283.53		36,283.53	2,508.06	33,775.47	
Other Expenses	18,196.91	5,355.33	23,552.24	3,404.81	102.95	20,044.48
Community Resources						
Salaries and Wages	46,080.53		46,080.53	85.02	45,995.51	
Other Expenses	3,507.62	40.74	3,548.36	(259.74)	40.74	3,767.36
Fire Prevention						
Salaries and Wages	73,478.22		73,478.22	1,557.03	71,921.19	
Other Expenses	2,333.07	2,736.70	5,069.77	2,736.70		2,333.07

TOWNSHIP OF FRANKLIN  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>BALANCE</u> <u>December 31, 2016</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>December 31, 2016</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ACCOUNTS PAYABLE</u> <u>December 31, 2017</u>	<u>BALANCE</u> <u>LAPSED</u>
Emergency Management Services:						
Salaries and Wages	\$ 0.04	\$	\$ 0.04	\$	\$	\$ 0.04
Other Expenses	875.11	487.08	1,362.19	487.08		875.11
Community Activities						
Aid to Fire Services						
Other Expenses	4,500.00		4,500.00			4,500.00
Aid to Rescue Squads						
Other Expenses	6,500.00		6,500.00			6,500.00
Tax Title Lien and Foreclosure						
Other Expenses	13,078.00	4,795.00	17,873.00	4,795.00		13,078.00
Environmental Commission						
Other Expenses	739.00		739.00			739.00
Historical Commission						
Other Expenses	2,604.00		2,604.00			2,604.00
Liability Insurance						
Other Expenses	143,252.78	38,903.83	182,156.61	38,903.83		143,252.78
Employee Group Insurance						
Salaries and Wages (Payment in Lie	82,535.11		82,535.11	64,901.26		17,633.85
Other Expenses	14,404.38	7,403.38	21,807.76	3,114.46	6,807.88	11,885.42
<u>UNIFORM CONSTRUCTION CODE-</u>						
<u>APPROPRIATIONS OFFSET BY DEDICATED</u>						
<u>REVENUES (NJAC 5:23-4.17)</u>						
Code Enforcement						
Salaries and Wages:	4,167.64		4,167.64	1,283.48	2,884.16	
Other Expenses	291,244.96	11,139.69	302,384.65	8,787.77	2,741.88	290,855.00
<u>UNCLASSIFIED</u>						
Salary Adjustment	82,016.36		82,016.36	8,391.84	73,624.52	
Utilities:						
Gasoline	96,277.29	104,877.40	201,154.69	33,769.72		167,384.97
Telephone and Telegraph	58,275.74	20,417.63	78,693.37	10,732.25	9,437.81	58,523.31
Electric/Heating	189,220.01	58,131.14	247,351.15	37,022.56	38,036.74	172,291.85
Street Lighting	270,761.93		270,761.93	94,147.62		176,614.31
Unclassified:						
Contingent	2,000.00		2,000.00			2,000.00
<u>STATUTORY EXPENDITURES</u>						
Contribution To:						
Public Employees Retire System	199,640.03		199,640.03	199,640.03		
Social Security System (O.A.S.I.)	9,386.21		9,386.21	78.30		9,307.91
Police and Firemen's Retirement Sys	3,975.00		3,975.00	3,975.00		

TOWNSHIP OF FRANKLIN  
CURRENT FUND

APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>BALANCE</u> <u>December 31, 2016</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>December 31, 2016</u>	<u>AMOUNT</u> <u>AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ACCOUNTS PAYABLE</u> <u>December 31, 2017</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library	\$	\$ 0.04	\$ 0.04	\$	\$ 0.04	\$
<u>Interlocal Municipal Service Agreements:</u>						
<u>Franklin Township Board of Education-</u>						
<u>Transportation</u>						
Salaries and Wages	12,647.16		12,647.16	85.78	12,561.38	
Other Expenses	46,966.77	4,165.87	51,132.64	1,884.31	2,281.56	46,966.77
<u>Police</u>						
Salaries and Wages	12,375.48		12,375.48			12,375.48
<u>Senior Transportation</u>						
Other Expenses		5,917.75	5,917.75	5,917.75		
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES:</u>						
Matching Funds	24,000.00		24,000.00		10,621.81	13,378.19
<hr/>						
Total	\$ <u>2,754,048.16</u>	\$ <u>1,269,286.05</u>	\$ <u>4,023,334.21</u>	\$ <u>1,273,347.10</u>	\$ <u>837,700.18</u>	\$ <u>1,912,286.93</u>
<u>Ref.</u>	A	A		A-4	A-9	A-1



TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET</u> <u>YEAR</u>	<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	2017 <u>BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>CHP 159</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
SFY 2003	NJ DOT Livable Communities Pilot Program	\$ 100,000.00	\$	\$	\$	\$ 100,000.00
SFY 2004	Municipal Open Space Partnership	100,000.00				100,000.00
	NJ Juvenile Justice Del. Prev. Grant	52,500.00				52,500.00
SFY 2005	USDA NCRS Conservation Plan Negri Tract	79,985.00				79,985.00
SFY 2007	Recreation Trails Program	50,000.00				50,000.00
	Historic Preservation Grant	50,000.00				50,000.00
	Somerset County Grant	100,000.00				100,000.00
	Pandemic Influenza Planning Grant	534.00				534.00
	Elizabeth Ave. Bike Lane	15,000.00				15,000.00
	Summer Food Program	2,024.90				2,024.90
	Recreation Opportunities Grant	8,262.80				8,262.80
	Youth Services Commission Grant	1,000.00				1,000.00
	USTA Tennis	1,000.00				1,000.00
SFY 2008	Div. of Highway Safety - Aggressive Driver	100.01				100.01
	CDBG	87,845.84				87,845.84
	Summer Food Program	3,317.73				3,317.73
	SC Mun. Planning Transit Feasibility	25,000.00				25,000.00
	NJ 2006 Local Safe St./Easton Ave. Sidewalks	11,040.00				11,040.00
SFY 2008	Assoc. of NJ Environ. Commission	8,000.00				8,000.00
	Youth Athletic Grant	1.65				1.65
	Public Health Priority Funding	19,888.00				19,888.00
	Pandemic Flu	43.00				43.00
	Click It or Ticket	200.00				200.00
	Neighborhood Housing Rehab	178,389.00				178,389.00
	SC Economic Dev. Improv. Prog	3,000.00				3,000.00
	You Drink, You Drive, You Lose	9,000.00				9,000.00
	NJDEP - Forest Management Green Comm.	3,000.00				3,000.00
	SC Historic Preservation Cultural & Heritage	50,000.00				50,000.00
SFY 2009	Pandemic Influenza Planning Grant	10,138.00				10,138.00
	March of Dimes Healthy Baby	3,000.00				3,000.00
	NJ DOT Grant	20,345.10				20,345.10
	Youth Services Competitive Grant	7,000.00				7,000.00
	NJ DOA Summer Food Program	7,874.41				7,874.41
	Garden State Preservation Trust - Green Acres	450,000.00				450,000.00
	NJ EDA Hazardous Dis. Site Remediation fund	6,891.00				6,891.00
	Recreation Opportunities Grant	7,172.78				7,172.78
	Child Passenger Safety	1,900.00				1,900.00
	Safe and Secure Communities	3,127.00				3,127.00
	Body Armor Replacement Grant	319.19				319.19

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET</u> <u>YEAR</u>	<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	2017 <u>BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>CHP 159</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
SFY 2003						
SFY 2010						
	CDBG 09	\$ 134,833.50	\$	\$	\$	\$ 134,833.50
	CDBG 10	113,827.79				113,827.79
	CDBG R	87,879.00				87,879.00
	Recreation Opportunities Grant	2,590.85				2,590.85
	NJ Health Assoc. Grant	2,500.00				2,500.00
	National Scenic Byway Grant-Griggstown House	107,635.53				107,635.53
	Child Passenger Safety	4,100.00				4,100.00
	Municipal Alliance Grant	4,793.31				4,793.31
	Chemical Buffer Zone Protection Program	1.97				1.97
	Friends of Somerset County Youth	500.00				500.00
	2009 Youth Athletic Grant	347.75				347.75
	Summer Food Program	2,603.86				2,603.86
	NJ Juvenile Justice Grant	855.00				855.00
SFY 2011						
	CDBG Program	2,612.65				2,612.65
	NJ Historic Trust Stothoff/Cornelius	8,194.50				8,194.50
	Child Passenger Safety	13.80				13.80
	Ed Byrne Mem. Justice Assistance Grant	1,310.86				1,310.86
	Summer Food Program	4,451.93				4,451.93
	Juvenile Justice Summer Expansion Grant	63.69				63.69
	Municipal Alliance Grant	6,577.78				6,577.78
	Recreation Opportunities Grant	1,617.04				1,617.04
TY 2011	Over Limit Under Arrest-2011	400.00				400.00
2012						
	Municipal Alliance Grant	3,702.49				3,702.49
	Summer Food Service Program	3,633.07				3,633.07
	Somerset County Cultural Heritage Grant	375.00				375.00
	Click It or Ticket	4,000.00				4,000.00
	Edward Byrne JAG Grant	15.82				15.82
	CDBG 2012	40,608.11				40,608.11
2013						
	Municipal Alliance	6,403.01				6,403.01
	Summer Food Program	2,620.56				2,620.56
	Recreation Handicapped Grant	3,961.18				3,961.18
	CDBG 2013	69,793.30				69,793.30
2014						
	Recreation Opportunities Grant	53.99				53.99
	Municipal Alliance Grant	44,038.67				44,038.67
	Holiday Drive Sober Grant	25.00				25.00
	Summer Food Service Program	5,717.67				5,717.67
	NJ History Grant	5,000.00				5,000.00
	Clean Communities	999.60				999.60
	CDBG 2014	(51,549.14)			(51,549.14)	-
	Municipal Aid JFK Blvd.	250,000.00			214,614.28	35,385.72

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET YEAR</u>	<u>GRANTS</u>	<u>BALANCE DEC. 31, 2016</u>	<u>2017 BUDGET REVENUE REALIZED</u>	<u>CHP 159</u>	<u>COLLECTED</u>	<u>BALANCE DEC. 31, 2017</u>
SFY 2003						
2015	Municipal Alliance Grant 14/15	\$ 13,077.60	\$	\$	\$	\$ 13,077.60
	Municipal Alliance Grant 15/16	8,019.83				8,019.83
	Click It or Ticket	75.00				75.00
	Emergency Management Grant	2,000.00			2,000.00	-
	2015 CDBG	69,615.41			69,615.41	-
	Distracted Driver Grant	5,000.00			5,000.00	-
	Summer Food Service Program	4,101.85				4,101.85
	NJ DOT Grant JFK Sec. 3	43,750.00			43,750.00	
	NJ DOT Grant JFK Sec. 1	205,000.00			51,250.00	153,750.00
2016	Recycling Tonnage Grant	0.53				0.53
	Emergency Management Agency Assistance Program	32,800.00				32,800.00
	Municipal Alcohol Ed/Rehab Grant	-		1,222.46	1,222.46	
	Drive Sober or Get Pulled Over	6,000.00				6,000.00
	Community Development Block Grant (CDBG)	249,037.16			129,056.83	119,980.33
	NJ Dept of Law & Public Safety - Hazard Mitigation Grant Program					
	Energy Allocation Initiative	115,000.00				115,000.00
	Municipal Alliance on Alcoholism and Drug Abuse	42,483.25			36,608.75	5,874.50
	Youth Service Grant	5,000.00				5,000.00
	NJ DOT - 2016 Municipal Aid Program					
	JFK Blvd Section 4 Resurfacing Project	223,500.00				223,500.00
	NJ Forest Community Forestry Program	7,000.00				7,000.00
	Investors Foundation Grant	10,000.00				10,000.00
	NJDOA Summer Food Program	2,224.78				2,224.78
2017	Municipal Alliance Grant - 2017-18			42,483.25		42,483.25
	Clean Communities Grant			128,063.94	128,063.94	
	Recycling Tonnage Grant		38,676.00		38,675.54	0.46
	Rec Opportunities Individuals Disab			6,700.00		6,700.00
	Annual Grant (Somerset County YSC)			5,000.00	5,000.00	
	Summer Lunch Food Services Program Grant			8,883.40	5,700.24	3,183.16
	EMAA Grant			10,000.00		10,000.00
	NJDOT Muni Aid - Campus Drive			245,000.00		245,000.00
	2017 CDBG			242,536.00		242,536.00
		<u>\$ 3,397,693.96</u>	<u>\$</u>	<u>\$ 38,676.00</u>	<u>\$ 679,008.31</u>	<u>\$ 3,447,250.70</u>
Ref.		A	A-16	A-16	A-4	A

See Independent Auditors' Report.

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENC</u> <u>DEC. 31</u> <u>2016</u>	<u>TRANSFERRED</u> <u>FROM 2017</u> <u>BUDGET</u>	<u>2017 BUDGET</u> <u>CH. 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2017</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
SFY 1998							
Housing Rehabilitation	\$ 655.23	\$	\$	\$	\$	\$	\$ 655.23
Plans to Realign Parkside & Van Dyke	29,802.99						29,802.99
SFY 2003							
Somerset County Hamilton St Façade Prog	94,750.00						94,750.00
Drunk Driving Enforcement	933.70	169.00			169.00	237.00	696.70
Alcohol Education & Rehab.	66.24						66.24
Somerset County Open Space Negri Tract	100,000.00						100,000.00
SFY 2005							
USDA NRCS Conservation Negri Tract	79,985.00						79,985.00
Franklin Park Public Water System	5,570.00						5,570.00
SFY 2005							
Neighborhood Preservation Program	32,102.47						32,102.47
Youth Services New Initiative Grant	656.79						656.79
Junior Tennis USTA Tennis	202.00						202.00
Alcohol Ed. & Rehab	150.00						150.00
Safe Streets to Schools	40,000.00						40,000.00
CDBG Program	1,623.58						1,623.58
CDBG Franklin Inn Acquisition	120,280.00						120,280.00
Historic Preservation Program	7,334.88						7,334.88
USTA Tennis Grant	500.00						500.00
NJ Dot Hamilton Streetscape	3,577.40						3,577.40
Municipal Alliance	9,906.25						9,906.25
Summer Food Program	2,193.32						2,193.32
Youth Services Commission Annual Grant	1,214.36						1,214.36
SFY 2007							
Recreation Trails Program	50,000.00						50,000.00
Safe and Secure Communities	120,000.00						120,000.00
Historic Preservation Grant	100,000.00						100,000.00
Economic Dev. Incentive Grant	8,096.00	880.00				880.00	8,096.00
Somerset County Grant	100,000.00						100,000.00
You Drink, You Drive, You Lose	250.00						250.00
Pandemic Influenza Planning Grant	533.94						533.94
Elizabeth Ave. Bike Lane	15,000.00						15,000.00
NPP Grant	54,958.02						54,958.02
Family Planning Services	9,245.00						9,245.00
Summer Food Program	2,622.76						2,622.76
Farm Fresh Grant	900.00						900.00
Recreation for Individuals with Disabilities	3,193.00						3,193.00
Municipal Alliance	1,436.05						1,436.05
Public Health Priority Funding	2,436.01						2,436.01
Youth Services Mini Grant	29.42						29.42
USTA Tennis Grant	26.69						26.69
CDBG Program	37,385.00						37,385.00
SFY 2008							
Municipal Alliance	6,226.55						6,226.55
Youth Services Commission Annual Grant	355.75						355.75
SCYSC Competitive	25.32						25.32
CDBG Grant 2007	16,168.14						16,168.14
NJDOA Summer Food Program	4,062.78						4,062.78
Friends of Somerset County Youth	323.84						323.84
Youth Athletic Grant	1,010.00						1,010.00
Neighborhood Housing Rehab	111,006.06						111,006.06
Somerset County Mun. Planning Transit Feasibility	25,000.00						25,000.00
NJ 2006 Local Safe St./Easton Ave. Sidewalks	11,684.88						11,684.88
Healthy Community Grant	60.29						60.29
NJ Dept. of Health Family Planning Grant	5,920.87						5,920.87
Div. of Highway Safety Aggressive Driver	19,300.00						19,300.00
Public Health Priority Funding	3,899.34						3,899.34
Public Health Priority Funding	2,049.97						2,049.97
MPP Franklin Twp. Pedestrian Feasibility	11.01						11.01
SC Economic Dev. Improv. Program	3,000.00						3,000.00
You Drink, You Drive, You Lose	11,000.00						11,000.00
Youth Athletic Grant-2006	86.00						86.00
Planning Partnership Ecotourism Plan	560.00						560.00
Forestry Mgt. Green Communities	500.00						500.00
Over the Limit Under Arrest	5,000.00						5,000.00
SC Historic Preservation Grant	18,368.27						18,368.27
Pandemic Influenza Planning Grant	10,509.70						10,509.70

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENC</u> <u>DEC. 31</u> <u>2016</u>	<u>TRANSFERRED</u> <u>FROM 2017</u> <u>BUDGET</u>	<u>2017 BUDGET</u> <u>CH.159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2017</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
SFY 2009							
Pandemic Influenza Planning Grant	\$ 282.88	\$	\$	\$	\$	\$	\$ 282.88
Drunk Driving Enforcement Grant	2,089.80						2,089.80
Municipal Alliance	2,546.31						2,546.31
Municipal Stormwater Management	10,310.00						10,310.00
NJ Historic Trust - Franklin Inn	51,150.00						51,150.00
Public Health Priority Funding	2,055.96						2,055.96
Youth Athletic Grant	1.65						1.65
March of Dimes Healthy Baby	3,000.00						3,000.00
NJ DOT Grant	150,000.00						150,000.00
NJ DOA Summer Food Program	7,999.03						7,999.03
Friends of Somerset County Youth	-	500.00					500.00
Garden State Preservation Trust Green Acres	450,000.00						450,000.00
NJEDA Hazardous Dis. Site Remediation Fund	75,802.00						75,802.00
Recreation Opportunities Grant	1,268.95						1,268.95
Safe and Secure Communities	117,705.00						117,705.00
SFY 2010							
CDBG Grant - Program Year 2008	31,929.67						31,929.67
Drunk Driving Enforcement Grant	4,042.31	427.76			758.52		3,711.55
Public Health Priority Funding	59.85						59.85
CDBG Grant - Program Year 2010	24,584.94						24,584.94
CDBG R	10,552.61						10,552.61
NJ Health Assoc. Grant	2,500.00						2,500.00
NPP 06,08,09	42,032.47						42,032.47
National Scenic Byway Grant-Griggstown House	87,274 cfda 39,053.84	38,075.00					77,128.84
Municipal Alliance Grant	12,739.34						12,739.34
Recreation for Individuals with Disabilities	9,858.16						9,858.16
Over the Limit Under Arrest	5,000.00						5,000.00
Smart Growth Grant	8,000.00						8,000.00
Safe and Secure Communities	58,127.00						58,127.00
Chemical Buffer Zone Protection Program	1.97						1.97
Friends of Somerset County Youth	312.50						312.50
2009 Youth Athletic Grant	347.75						347.75
Summer Food Program	2,416.12						2,416.12
Summer Expansion Grant Program-JJ	962.72						962.72
Historic Preservation Grant-Cornelius Stoolhoff House	-	10,766.37				10,766.37	
Green Acres - Middlebush Park Improvements	36,319.00						36,319.00

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENC</u> <u>DEC. 31</u> <u>2016</u>	<u>TRANSFERRED</u> <u>FROM 2017</u> <u>BUDGET</u>	<u>2017 BUDGET</u> <u>CH.159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2017</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
SFY 2011							
CDBG Program	\$ 27,402.99	\$	\$	\$	\$	\$	\$ 27,402.99
Friends of Somerset County Youth	283.96						283.96
JAG Edward J. Byrne	262.22						262.22
Recreation Trails Program	25,000.00						25,000.00
NJ Historic Trust Stothoff/Cornelius	42,000.00						42,000.00
SCYS Annual Grant	-	39.71					39.71
SCYS Competitive Grant	1,000.00						1,000.00
Recycling Tonnage Grant	19,714.76						19,714.76
Summer Food Program	4,421.78						4,421.78
Juvenile Justice Summer Expansion Grant	63.69						63.69
Municipal Alliance Grant	7,139.04						7,139.04
Recreation Opportunities Grant	1,019.32	(156.00)				(156.00)	1,019.32
TY 2011							
Drunk Driving Enforcement Grant	7,577.48						7,577.48
Safe & Secure Communities	52,204.00				52,204.00		
Local Arts Program	154.05						154.05
CDBG 2011	35,614.39	750.00			750.00		35,614.39
Over the Limit Under Arrest	400.00						400.00
Over the Limit Under Arrest 2011	4,400.00						4,400.00
2012							
Municipal Alliance Grant	16,909.03						16,909.03
Summer Food Service Program	3,654.00						3,654.00
Somerset County Cultural Heritage Grant-Local Arts	962.59						962.59
Clean Communities	0.00						0.00
Click It or Ticket	4,000.00						4,000.00
Juvenile Assistance Grant - Edward Byrne	15.82						15.82
CDBG 2012	33,387.80	791.00			(17,920.98)	5,341.00	46,758.78
2013							
Municipal Alliance	3,029.72	267.05				267.05	3,029.72
Summer Food Program	1,611.36						1,611.36
Recreation Opportunities Grant	-	198.76				198.76	
CDBG 2013	15,782.30	1,370.00				1,370.00	15,782.30
Clean Communities	62,978.50	8,009.19			67,090.56	702.25	3,194.88
Sustainable Jersey Small Grant	616.40						616.40
2014							
Recreation Opportunities Grant	2,834.49	32.56				32.56	2,834.49
Municipal Alliance Grant	70.57	6,260.44				5,749.78	581.23
Recycling Tonnage Grant	20,994.58				20,994.58		
Holiday Drive Sober Grant	25.00						25.00
Summer Food Service Program	3,599.98	1,720.50				1,720.50	3,599.98
Clean Communities	109,389.00				8,722.44	375.00	100,291.56
CDBG 2014	2,728.28	1,159.91				1,152.51	2,735.88
Municipal Aid JFK Blvd.	30,000.00						30,000.00

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENC</u> <u>DEC. 31</u> <u>2016</u>	<u>TRANSFERRED</u> <u>FROM 2017</u> <u>BUDGET</u>	<u>2017 BUDGET</u> <u>CH 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2017</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
2015							
Municipal Alliance Grant 14/15	\$ 44,672.90	\$ 1,629.17	\$	\$	\$	\$ 1,629.17	\$ 44,672.90
Municipal Alliance Grant 15/16	1,662.33	7,080.98			209.22	7,351.40	1,182.69
Clean Communities	99,297.69				36,371.59	57.50	62,868.60
Click It or Ticket	75.00						75.00
Emergency Management Grant	7,000.00				7,000.00		
2015 CDBG	13,971.30	42,340.36			17,962.50	24,317.26	14,031.90
Recycling Tonnage Grant	51,604.80				(7,644.72)		59,249.52
Somerset County Youth Annual Grant		51.30			51.30		
Summer Food Service Program	1,181.78	1,917.14				1,917.14	1,181.78
Investors Foundation	4,591.18	1,434.16			2,792.80	879.22	2,353.32
NJ Historic Trust Stothoff/Cornelius	43,875.00						43,875.00
NJ DOT Grant JFK Sec. 3	175,000.00						175,000.00
NJ DOT Grant JFK Sec. 1	205,000.00						205,000.00
Municipal Alcohol Ed/Rehab Grant	995.53						995.53
2016							
Safe and Secure Communities	60,000.00				60,000.00		
Recycling Tonnage Grant	43,337.00						43,337.00
Emergency Management Agency Assistance Program	18,800.00				9,400.00		9,400.00
Municipal Alcohol Ed/Rehab Grant	966.90						966.90
Drive Sober or Get Pulled Over	6,000.00				3,779.06		2,220.94
Community Development Block Grant (CDBG)	202,741.99	48,892.00			165,904.81	18,073.48	67,655.70
NJ Dept of Law & Public Safety - Hazard Mitigation Grant Program							
Energy Allocation Initiative	30,851.00	84,149.00			84,149.00	30,851.00	
Municipal Alliance on Alcoholism and Drug Abuse	38,574.25	3,409.00			38,400.77	3,288.73	293.75
Youth Service Grant	2,677.14	500.00			2,825.22	155.95	195.97
NJ DOT - 2016 Municipal Aid Program							
JFK Blvd Section 4 Resurfacing Project	223,500.00						223,500.00
NJ Forest Community Forestry Program	10,000.00						10,000.00
NJ DEP - Clean Communities Grant	150,740.99				30,209.00	425.00	120,106.99
Investors Foundation Grant	10,000.00				192.53	52.16	9,755.31
NJDOA Summer Food Program	1,790.75	30.84			(5,674.90)	30.84	7,465.65
Click It or Ticket	5,000.00				1,815.00		3,185.00
2017							
Recycling Tonnage Grant			38,676.00				38,676.00
CDBG Grant				242,536.00	6,987.49	126,588.31	108,960.20
NJDEP - Clean Communities Grant				128,063.94			128,063.94
Rec Opportunities Individuals Disab				6,700.00	1,135.72		5,564.28
Youth Services Annual Grant (Somerset County)				5,000.00	1,035.53	148.89	3,815.58
Summer Food Services Lunch Grant				8,883.40	6,260.12	25.18	2,598.10
EMAA Grant				10,000.00	10,000.00		
2016 Muni Alcohol Ed/Rehab Prog (Court)				1,222.46			1,222.46
NJDOT Muni Aid : Campus Drive Resurf				245,000.00			245,000.00
2017-18 Municipal Alliance Grant				42,483.25	1,650.25	9,090.60	31,742.40
	<u>\$ 4,451,951.33</u>	<u>\$ 262,695.20</u>	<u>\$ 38,676.00</u>	<u>\$ 689,889.05</u>	<u>\$ 607,580.41</u>	<u>\$ 253,518.61</u>	<u>\$ 4,582,112.56</u>
Ref.	A	A	A-16	A-16	A-4	A	A

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-16

SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>CURRENT</u> <u>FUND</u>
Balance -Dec. 31, 2016		
Due From	A	\$ (22,156.79)
Due To	A	
Increased by:		
Grant Revenue Realized	A-14	728,565.05
Funds Received (Net)	A-4	<u>27,484.88</u>
Subtotal		<u>756,049.93</u>
Decreased by:		
Grant Appropriated	A-15	<u>(728,565.05)</u>
		<u>(728,565.05)</u>
Balance -Dec. 31, 2017		
Due From	A	
Due To	A	<u><u>\$ 5,328.09</u></u>



TOWNSHIP OF FRANKLIN  
TRUST FUND

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS  
FOR YEAR ENDED DECEMBER 31, 2017

B-2

	Balance <u>December 31, 2016</u>	<u>Receipts</u> Miscellaneous	Balance <u>December 31, 2017</u>
Fund Balance	\$ 778,974.79	\$ 3,032.42	\$ 782,007.21
	\$ 778,974.79	\$ 3,032.42	\$ 782,007.21
	\$ 778,974.79	\$ 3,032.42	\$ 782,007.21
<u>Ref.</u>	B	B-1	B

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-3

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Confirmation Date</u>	<u>Due Dates</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
Improv. to Sanitary Sewer Sys.	882	4/18/85	6/18/85-94	\$ 110,372.23	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	1/10/85	4/11/85-94	<u>11,794.62</u>	<u>11,794.62</u>
				<u>\$ 122,166.85</u>	<u>\$ 122,166.85</u>
			<u>Ref.</u>	B	B

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-4

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
Assessments and Liens:			
Improv. to the Sanitary Sewer System	882	\$ 110,372.23	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	11,794.62	11,794.62
		<u>\$ 122,166.85</u>	<u>\$ 122,166.85</u>
	<u>Ref.</u>	B	B

TOWNSHIP OF FRANKLIN  
ANIMAL CONTROL FUND

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-5

Footnote: R.S. 4:19-15.11

" ..... there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next proceeding."

<u>Year</u>	<u>Amount</u>
2015	\$ 123,368.69
2016	<u>158,097.06</u>
	<u>\$ 281,465.75</u>
Animal Control Balance - December 31, 2017	<u>\$ 266,675.25</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance	Cash		Adjustments	Balance
	<u>December 31, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>December 31, 2017</u>
<b>Assessment Trust:</b>					
Assessments Receivable	\$ (122,166.85)	\$	\$	\$	\$ (122,166.85)
Reserve for Assessments	122,166.85				122,166.85
Assessment Fund Balance	<u>778,974.79</u>	<u>3,032.42</u>			<u>782,007.21</u>
<b>Total</b>	<u>778,974.79</u>	<u>3,032.42</u>			<u>782,007.21</u>
<b>Animal Control:</b>					
Due NJ - State License Fees	532.80	3,965.70	(3,896.10)		602.40
Reserve for Encumbrances	3,210.00				3,210.00
Animal Control Reserves	<u>255,421.26</u>	<u>113,125.88</u>	<u>(101,871.92)</u>		<u>266,675.22</u>
<b>Total</b>	<u>259,164.06</u>	<u>117,091.58</u>	<u>(105,768.02)</u>	<u>-</u>	<u>270,487.62</u>
<b>Trust - Other Funds:</b>					
Escrow Funds and Reserves	12,915,206.44	7,253,480.61	(5,986,548.92)	109,730.95	14,291,869.08
Due (from)/to Current Fund	305,459.62	2,182,631.57	(2,305,459.62)		182,631.57
Reserve for Encumbrances	<u>187,375.48</u>			<u>(109,730.95)</u>	<u>77,644.53</u>
<b>Total</b>	<u>13,408,041.54</u>	<u>9,436,112.18</u>	<u>(8,292,008.54)</u>		<u>14,552,145.18</u>
<b>Unemployment Insurance Trust:</b>					
Unemployment Benefits Reserve	<u>1,294,644.10</u>	<u>18,665.00</u>	<u>(76,866.88)</u>		<u>1,236,442.22</u>
<b>Total</b>	<u>1,294,644.10</u>	<u>18,665.00</u>	<u>(76,866.88)</u>		<u>1,236,442.22</u>
<b>Self Insurance Trust Fund:</b>					
Other Insurance Reserves	245,138.85	148,947.30	(46,916.41)		347,169.74
Due (from)/to Current Fund	(96,554.93)	99,736.13			3,181.20
Environmental Protection	99,394.05	359.72			99,753.77
Reserve for Other Insurance	670.57				670.57
Reserve for Vehicle Accident	23,104.91				23,104.91
LOSAP	<u>577,419.36</u>				<u>577,419.36</u>
<b>Total</b>	<u>849,172.81</u>	<u>249,043.15</u>	<u>(46,916.41)</u>		<u>1,051,299.55</u>
<b>Open Space Trust Fund:</b>					
Open Space Trust Reserve	12,361,070.06	4,755,802.00	(2,669,220.33)	(5,954,129.00)	8,493,522.73
Due (from)/to Current Fund	39,237.37		(54,079.37)		(14,842.00)
Due (from)/to General Capital	155,250.00		(155,250.00)	5,954,129.00	5,954,129.00
Accounts Payable	1,864.15				1,864.15
Deferred Charges - Funded	(11,310,000.00)			(3,830,000.00)	(15,140,000.00)
Serial Bonds Payable	11,310,000.00			3,830,000.00	15,140,000.00
Reserve for Encumbrances	<u>330,100.83</u>				<u>330,100.83</u>
<b>Total</b>	<u>12,887,522.41</u>	<u>4,755,802.00</u>	<u>(2,878,549.70)</u>		<u>14,764,774.71</u>
<b>Workers Compensation Trust:</b>					
Workers' Compensation Reserve	739,246.85	213,424.64	(162,102.28)		790,569.21
Due (from)/to Current Fund	<u>(46,694.60)</u>	<u>46,694.60</u>			
<b>Total</b>	<u>692,552.25</u>	<u>260,119.24</u>	<u>(162,102.28)</u>		<u>790,569.21</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance	Cash		Adjustments	Balance
	December 31, 2016	Receipts	Disbursements		December 31, 2017
Recreation					
Recreation Programs	\$ 840,041.17	\$ 500,420.05	\$ (480,550.02)	\$	\$ 859,911.20
Due (from)/to Current Fund	1,895.33	3,696.16	(1,895.33)		3,696.16
Reserve for Encumbrances	69,024.79				69,024.79
Total	910,961.29	504,116.21	(482,445.35)		932,632.15
Developers' Escrow					
Developers' Escrows (Net Activity)	1,580,712.32	348,085.27	(348,231.02)		1,580,566.57
Total	1,580,712.32	348,085.27	(348,231.02)		1,580,566.57
Historical Preservation Trust:					
Historical Preservation Reserve.	157,854.23	624.93			158,479.16
Total	157,854.23	624.93			158,479.16
Tax Collector's Trust:					
Tax Title Lien Redemptions	-	2,401,725.00	(2,400,558.23)		1,166.77
Premiums Received at Tax Sale	3,455,761.77	3,045,100.00	(1,732,561.77)		4,768,300.00
Total	3,455,761.77	5,446,825.00	(4,133,120.00)		4,769,466.77
Payroll and Payroll Agency:					
Payroll & Deductions Payable (Net)	62,185.91	45,883,106.59	(45,578,961.87)		366,330.63
Due from/to Current Fund	365,305.41	1,641.38	(251,000.00)		115,946.79
Total	427,491.32	45,884,747.97	(45,829,961.87)		482,277.42
Affordable Housing Trust Fund:					
Reserve of Affordable Housing	3,660,168.10	500,024.33	(165,598.78)		3,994,593.65
Total	3,660,168.10	500,024.33	(165,598.78)		3,994,593.65
Flexible Spending Account:					
Reserve for Flexible Spending	2,564.01	83,503.69	(83,358.45)		2,709.25
Total	2,564.01	83,503.69	(83,358.45)		2,709.25
Police Forfeiture Fund:					
Reserve for Police Forfeiture	67,765.37	30,379.14	(18,583.81)		79,560.70
Total	67,765.37	30,379.14	(18,583.81)		79,560.70
Total	\$ 40,433,350.37	\$ 67,638,172.11	\$ (62,623,511.11)	\$	\$ 45,448,011.37

Ref. B

B

TOWNSHIP OF FRANKLIN  
OPEN SPACE TRUST

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-7

Description	Date of Issue	Amount of Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2016	INCREASED	DECREASED	Balance December 31, 2017
			Date	Amount					
General Obligation Refunding Bonds, Open Space - Series 2009	5/8/2009	\$ 8,495,000.00				\$ 1,355,000.00	\$	\$ 1,355,000.00	\$
General Obligation Refunding Bonds, Open Space - Series 2014	7/1/2014	6,795,000.00	1/15/2018	\$ 1,140,000.00	4.000%				
			1/15/2019	1,140,000.00	4.000%				
			1/15/2020	1,135,000.00	4.000%				
			1/15/2021	1,135,000.00	4.000%				
			1/15/2022	1,135,000.00	4.000%	6,795,000.00		1,110,000.00	5,685,000.00
General Obligation Bonds, Open Space - Series 2014	11/1/2014	3,560,000.00	11/1/2018	205,000.00	1.250%				
			11/1/2019	250,000.00	2.000%				
			11/1/2020	250,000.00	2.000%				
			11/1/2021	250,000.00	3.000%				
			11/1/2022	250,000.00	2.000%				
			11/1/2023	250,000.00	2.125%				
			11/1/2024	250,000.00	2.250%				
			11/1/2025	250,000.00	2.500%				
			11/1/2026	250,000.00	3.000%				
			11/1/2027	250,000.00	3.000%				
			11/1/2028	250,000.00	3.000%				
			11/1/2029	250,000.00	3.000%	3,160,000.00		205,000.00	2,955,000.00
General Obligation Bonds, Open Space - Series 2017	12/20/2017	6,500,000.00	12/15/2018	600,000.00	2.000%				
			12/15/2019	600,000.00	2.000%				
			12/15/2020	600,000.00	2.000%				
			12/15/2021	600,000.00	2.000%				
			12/15/2022	600,000.00	3.000%				
			12/15/2023	500,000.00	3.000%				
			12/15/2024	500,000.00	4.000%				
			12/15/2025	400,000.00	4.000%				
			12/15/2026	300,000.00	3.000%				
			12/15/2027	300,000.00	2.125%				
			12/15/2028	300,000.00	3.000%				
			12/15/2029	300,000.00	3.000%				
			12/15/2030	300,000.00	3.000%				
			12/15/2031	300,000.00	3.000%				
			12/15/2032	300,000.00	3.000%				
							6,500,000.00		6,500,000.00
						<u>\$ 11,310,000.00</u>	<u>\$ 6,500,000.00</u>	<u>\$ 2,670,000.00</u>	<u>\$ 15,140,000.00</u>
						Ref.	B		B

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

B-8

Acct. No.	Purpose	Balance	Encumbrances	Increases		Encumbrances	Balance
		December 31, 2016	December 31, 2016		Decreases	December 31, 2017	December 31, 2017
801	CDBG Housing Rehab	\$ 39,382.66	\$	\$ 37,525.00	\$	\$ 715.00	\$ 76,907.66
802	Water Meters	73,224.40	900.00	79,572.30	17,053.90	715.00	135,927.80
803	Street Openings	327,686.75		18,696.50	20,467.00	750.00	325,166.25
804	Site Plan Performance	2,073,385.96	5,000.00	595,476.07	96,737.38	5,000.00	2,572,124.65
805	Surety Cash	37,874.00		279,849.81	13,500.00		304,223.81
806	Monument Monies	78,660.00			750.00		77,910.00
807	Special Events - Clerk's Office	7,450.00					7,450.00
808	Maintenance Guarantees	352,304.18					352,304.18
809	Parkland Dedication	361,377.13	1,094.00			1,094.00	361,377.13
810	Infrastructure Improvements	47,106.50					47,106.50
811	Outside Jobs	730,783.00	146,191.77	2,016,633.97	1,986,892.54		906,716.20
802-804	Reserve Private Developer Donation	518,237.69			159,113.92	425.50	358,698.27
812	Snow Removal Trust	752,566.26		174,553.23	200,000.00		727,119.49
813	Accumulated Sick and Vacation	1,730,103.82		700,000.00	339,206.58		2,090,897.24
815	Off-Tract	191,165.16					191,165.16
816	Parkland Canal Walk LLC	233,259.40					233,259.40
817	NPP Housing	600.00					600.00
819	Senior Wellness	2,226.00			2,226.00		
820	Softball Donations	30,425.59		650.00	31,075.59		
821	Playground Donations	1,319.60			1,319.60		
822	Senior Computer Automation	1.00			1.00		
823	4th of July Celebration	3,771.10		20,888.00	24,659.10		
824	Veterans Memorial	9,550.07			384.48		9,165.59
825	Municipal Alliance	171.74		500.00	671.74		
826	Youth Cultural Night	50.00			50.00		
827	Escrow Miscellaneous	92,648.38			4,991.86		87,656.52
828	Booster Station	5,346.44					5,346.44
829	Summer Child Care	534.62	556.73	2,690.00	1,755.90	2,006.73	18.72
830	Community Resource Donation	4.51					4.51
832	Community Resource Trips	186.95	118.98	2,980.00	2,997.38	125.56	162.99
834	Tree Planting	120,784.72	25,944.70	73,315.00	75,837.00	62,039.70	82,167.72
836	Dental & Medical CoPay	4,579,518.56		3,169,782.36	2,961,447.28		4,787,853.64
837	Bid Security	106,232.77		4,769.30			111,002.07
838	POAA	3,857.29		308.00			4,165.29
839	Public Defender Fees	175.93	1,800.00	23,476.00	20,127.59	2,920.69	2,403.65
840	Fire Prevention	1,648.94		1,280.00	1,000.00	100.00	1,828.94
841	Penalty Fire District 1	201.71		1,000.00			1,201.71
842	Penalty Fire District 2	1,437.50		3,650.00			5,087.50
843	Penalty Fire District 3	650.00					650.00
844	Penalty Fire District 4	315.67					315.67
845	Uniform Fire Safety Penalty	25,861.40	4,771.87	39,092.00	15,838.99	2,000.72	51,885.56
846	Adopt A Cop Trading Card	4,013.00			4,008.29		4.71
847	Bullet Proof Vests	17,000.07	114.93		2,725.80	44.13	14,345.07
848	Operation Cooperation	350.00					350.00
850	Defibrillator Donations	2,359.12					2,359.12
853	Insurance Fund Evidence	42,344.43					42,344.43
854	Surety Default - Wilson	232.12					232.12
855	Soil Improvement Bond	400.00					400.00
856	Police Non Evidence Monies	318.00		6,793.07			7,111.07
860	Bond and Coupon Account	4,366.80					4,366.80
861	Public Assistance Indent Burials	75,935.50					75,935.50
862	Parking Improvements Payments in Lieu	161,950.00					161,950.00
864	Special Master Fee - Petition Judgment	1,250.00	882.50		1,710.00	422.50	
865	Canal Walk In Lieu of Bikepath Constr.	62,600.00					62,600.00
		<b>\$ 12,915,206.44</b>	<b>\$ 187,375.48</b>	<b>\$ 7,253,480.61</b>	<b>\$ 5,986,548.92</b>	<b>\$ 77,644.53</b>	<b>\$ 14,291,869.08</b>

Ref.                      B                      B-6                      B-6                      B-6                      B                      B



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
Balance -December 31, 2016	C	\$ 862,116.73
Increased by Receipts:		
Fund Balance - Bond Premium	C-1	\$ 577,765.76
Interfunds Receivable/Payable (Net)	C-7	160,449.23
Various Reserves	C-12	868.20
Proceeds from Sale of Bonds - General Capital	C-9	12,725,000.00
Proceeds from Sale of Bonds - Open Space	C-9	<u>6,500,000.00</u>
		<u>19,964,083.19</u>
		20,826,199.92
Decreased by Disbursements:		
Improvement Authorizations	C-8	<u>20,136,392.72</u>
		<u>20,136,392.72</u>
Balance -December 31, 2017	C	<u>\$ 689,807.20</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Fund Balance	\$ 2,694,525.46	\$ 2,209,759.70
Capital Improvement Fund	50,189.74	143,189.74
Improvement Authorizations Funded	8,188,853.29	6,971,282.35
Improvement Authorizations Expended - Not Funded	(1,911,215.21)	(7,595,976.53)
Various Receivables	(59,756.24)	(59,756.24)
Interfunds Receivable	(11,679,034.10)	(4,304,726.33)
Reserve for Encumbrances	2,951,220.94	3,044,188.92
Various Reserves	455,023.32	454,155.12
	<u>\$ 689,807.20</u>	<u>\$ 862,116.73</u>
<u>Ref.</u>	C	C

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS GRANT AND OTHER RECEIVABLES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Receivables:		
NJ Dot Grant Ord. 3602	\$ 3,577.40	\$ 3,577.40
State of NJ DOT - Jacques Lane	<u>56,178.84</u>	<u>56,178.84</u>
	<u>\$ 59,756.24</u>	<u>\$ 59,756.24</u>
<u>Ref.</u>	C	C

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

	<u>Ref.</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Open Space Bonds</u>	<u>Energy Lease</u>	<u>SCIA Leases</u>
Balance - Dec. 31, 2016	C	\$ 14,749,731.87	\$ 13,762,000.00	\$	\$ 863,368.10	\$ 124,363.77
Increased by:						
Debt Issued	C-6	19,225,000.00	12,725,000.00	6,500,000.00		
Decreased by:						
Budget Appropriations to Pay Debt	C-9, C-10, C-11	(4,549,780.61)	(4,362,000.00)		(63,416.84)	(124,363.77)
Transferred to Open Space Fund	C-9	(6,500,000.00)		(6,500,000.00)		
Balance - Dec. 31, 2017		<u>\$ 22,924,951.26</u>	<u>\$ 22,125,000.00</u>	<u>\$</u>	<u>\$ 799,951.26</u>	<u>\$</u>
	<u>Ref.</u>	C	C-9		C-11	

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2016	AUTHORIZED 2017	2017 FUNDING	BALANCE DEC. 31, 2017	ANALYSIS OF BALANCE - DEC. 31, 2017		
						BOND ANTIC. NOTES	EXPENDI- TURES	UNEXPENDED. BAL. OF IMPR. AUTH.
	<u>General Improvements</u>							
3474	Construction of Veterans Memorial	\$ 47.00	\$	\$	\$ 47.00	\$	\$	\$ 47.00
3606	Trunked Radio System	154,790.00		154,790.00				
3811	2009 Road Overlay Program	328,262.06		280,975.00	47,287.06			47,287.06
3819	Repaving of Municipal Parking Lot	260,164.61		45,490.00	214,674.61		18,726.85	195,947.76
3822	Various Capital Improvements - FY2009	194,500.00		59,795.00	134,705.00		33,447.96	101,257.04
3876	2010 Road Overlay Program	198,500.00			198,500.00			198,500.00
3922-11	New Telephone System (Amended)	35,000.00		17,600.00	17,400.00		2.92	17,397.08
3941	Document Imaging Project	905.00			905.00			905.00
3963	2012 Road Overlay Program	266,500.00			266,500.00			266,500.00
3981	Various Technology Improvements	112,100.00		53,400.00	58,700.00		1,304.08	57,395.92
3982	2012 Road Resurfacing Program	670,000.00		20,450.00	649,550.00		3,700.17	645,849.83
4026	2013 Road Overlay Program	600,000.00		184,500.00	415,500.00		11,632.97	403,867.03
4029	Improvements to Middlebush Park	250.00			250.00			250.00
4062	2014 Road Resurfacing Program	2,375,000.00		2,215,000.00	160,000.00			160,000.00
4063	Various Capital Improvements	551,900.00		480,000.00	71,900.00		8,254.09	63,645.91
4107	2015 Road Resurfacing Program	2,422,500.00		2,253,000.00	169,500.00			169,500.00
4108	Various Capital Improvements - 2015	1,394,400.00		920,000.00	474,400.00		114,377.83	360,022.17
4140	Various Capital Improvements - 2016	1,333,750.00		580,000.00	753,750.00			753,750.00
4141	2016 Road Resurfacing Program	1,552,000.00		150,000.00	1,402,000.00		72,247.95	1,329,752.05
4142	Improv. & Equip Var. Parks - Open Space	3,952,750.00		1,500,000.00	2,452,750.00			2,452,750.00
4189	Various 2017 Capital Improv. and Equip. Acquis.		2,555,522.00	100,000.00	2,455,522.00		1,145,103.90	1,310,418.10
4190	2017 Road Resurfacing Program		1,970,300.00	1,500,000.00	470,300.00			470,300.00
4191	Imprvs. to and Equip. Acquis. for Var. Parks (Open Space)		646,323.00		646,323.00		443,092.85	203,230.15
4192	Imprvs. to Various Historic Houses		644,328.00		644,328.00		59,323.64	585,004.36
4213	Acquis. of Real Property (Open Space)		5,000,000.00	5,000,000.00				
4214	Acquis. of Real Property		3,710,000.00	3,710,000.00				
		<u>\$ 16,403,318.67</u>	<u>\$ 14,526,473.00</u>	<u>\$ 19,225,000.00</u>	<u>\$ 11,704,791.67</u>	<u>\$</u>	<u>\$ 1,911,215.21</u>	<u>\$ 9,793,576.46</u>
<u>Ref.</u>	C		C-8	C-5	C			



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE - DEC. 31, 2016		2017 AUTHOR.			RESERVE FOR ENCUMBRANCES DEC. 31, 2016	PAID OR CHARGED	RESERVE FOR ENCUMBRANCES DEC. 31, 2017	BALANCE - DEC. 31, 2017	
				FUNDED	UNFUNDED	CAP IMPROV.	DEF UNFUNDED	OTHER				FUNDED	UNFUNDED
General Improvements:													
3364	Amended	2/11/03	\$ 171,150.00	\$ 2,492,040.39	\$	\$	\$	\$	\$	\$	\$	\$ 2,492,040.39	\$
3385	Amended	6/26/03	850,000.00	15,259.66								15,259.66	
3256	Open Space II	12/11/01	14,400,000.00	341,745.73								341,745.73	
3452/	Resurfacing of Var. Roadways and Parking Lot												
3918	of Dept. of Public Works	4/13/04	1,189,925.00	140,388.87								140,388.87	
3474	Construction of Vet. Memorial	7/13/04	209,000.00	146.00		47.00						146.00	47.00
3606	Trunked Radio System	4/29/06	3,500,000.00	351,611.58	154,790.00						506,401.58		
3691	Various Capital Improvements		900,000.00	182,292.24								182,292.24	
3714	Pine Street Pump Station	9/18/07	538,500.00	526,128.34								526,128.34	
3810	Constr. of Ambulance Garage	1/27/09	172,500.00	7,281.16								7,281.16	
3811	2009 Road Overlay Program	1/27/09	2,100,000.00			12,845.69			36,197.92			1,756.55	47,287.06
3819	Repaving of Municipal Parking Lot	3/24/09	525,164.61			214,676.16					18,728.40		195,947.76
3822	Various Capital Improvements - FY2009	4/14/09	714,500.00			140,887.34			30,809.00	37,839.30	32,600.00		101,257.04
3876	2010 Road Overlay Program	4/13/10	660,000.00	296.52	198,500.00							296.52	198,500.00
3911-10/	Acq. and Install. of	11/09/10	300,000.00										
3922-11	New Telephone System (Amended)	2/22/11	46,500.00		17,397.08								17,397.08
3914	Various Improvs.												
3935-11	Various Energy Improvements (Energy Grant)	5/10/11	1,760,000.00	131,657.90						12,356.00	119,301.90		
3941	Document Imaging	7/12/11	390,426.00	57,956.03		905.00						57,956.03	905.00
3963	2012 Road Overlay Program		2,485,000.00		231,511.09				57,922.38			22,933.47	266,500.00
3964	Amend Ord. 3260 Improv. To Middlebush Park		225,000.00	67,373.47						994.28	22,688.50	43,690.69	
3975	Construction of Synthetic Turf Fields		4,000,000.00	11,263.21					78.57		78.57	11,263.21	
3976	Reconstruction of Basketball Courts at Inamn Park		125,000.00	19,980.00								19,980.00	
3981	Various Technology Improvements		396,000.00		72,161.64					13,384.70	1,381.02		57,395.92
3982	2012 Road Resurfacing Program		2,700,000.00	600,169.08				49,373.96			3,693.21		645,849.83
3988	Acq. Of Surveillance System		450,000.00	98,290.49				819.99	4,358.39		819.99	93,932.10	
4026	2013 Road Overlay Program	8/08/13	2,750,000.00		403,867.03			11,525.09			11,525.09		403,867.03
4027	2013 Various Capital Improvements	7/16/13	1,033,000.00	199,689.17				2,840.55		10,011.07	58,585.18	133,933.47	
4029	Improvements to Middlebush Park	8/08/13	3,675,000.00	115,004.54		250.00		624,733.00	520,628.52		153,127.72	65,981.30	250.00
4062	2014 Road Resurfacing Program	6/24/14			125,000.00			35,501.99				501.99	160,000.00
4063	Various Capital Improvements	6/24/14			72,140.25			76,376.71		64,055.92	20,815.13		63,645.91
4069	Acquisition of Belmar Ave. Property		222,000.00										
4071	Acquisition of Skillmans Lane. Property		259,350.00	111,350.00						(148,000.00)		259,350.00	
4072	Improvements to Castleton Park		275,000.00	136,000.00								136,000.00	
4097	Construction and Installation of 9/11 Memorial		18,508.40	83.07					192.29		192.29	83.07	
4107	2015 Road Resurfacing Program	6/18/15	2,550,000.00		384,562.22			50,902.02		226,550.84	10,023.94	29,389.46	169,500.00
4108	Various Capital Improvements	6/18/15	1,466,000.00		415,353.42			314,867.02		177,879.86	192,318.41		360,022.17
4110	Acquisition of Safety Equipment and Vehicles	6/18/15	450,000.00		31,559.23			6,342.45			6,342.45	31,559.23	
4111	Improvements and Equipment for Various Parks	7/02/15	1,037,000.00	460,224.97				131,483.75		212,887.55	117,233.75	261,587.42	
4129	Acquisition of Property - Open Space	2/23/16	1,111,165.00	47,874.20						52.50		47,821.70	
4140	Various Capital Improvements	4/12/16	1,402,500.00		825,213.62			260,347.85		323,058.58	5,906.00	2,846.89	753,750.00
4141	2016 Road Resurfacing Program	4/12/16	1,630,000.00		1,455,154.84			85,429.86		210,797.39	35.26		1,329,752.05
4142	Improv. & Equip Var. Parks - Open Space	4/12/16	4,156,500.00		3,481,910.68			417,480.98		321,296.16	181,875.50	943,470.00	2,452,750.00
4144	Acq. of Vehicles, Var. Equip., Building and Sidewalks	4/12/16	2,852,316.00	937,117.93				558,938.19		1,348,670.47	82,910.65	64,475.00	
4146	Improv. & Equip for Var. Parks - Open Space	4/12/16	800,000.00		332,410.65			292,025.35		547,834.26	49,456.94	27,144.80	
4161	Acq. of Belmar/Waldorf St. Property - Open Space	8/09/16	158,000.00	156,257.00						148,000.00		8,257.00	
4174	Acquis. of Bl. 282, Lt. 9 at 17 Waldorf St.	2/28/17	145,600.00					145,600.00				145,600.00	
4176	Acquis. of Property Bl. 11.01, Lt. 1.01	2/28/17	511,600.00					511,600.00		1,173.20		510,426.80	
4189	Various 2017 Capital Improv. and Equip. Acquis.	4/11/17	2,754,450.00			133,928.00	2,555,522.00	65,000.00			903,451.69		1,310,418.10
4190	2017 Road Resurfacing Program	4/11/17	3,324,000.00			1,353,700.00	1,970,300.00				1,350,292.17	1,481,605.11	470,300.00
4191	Improv. to and Equip. Acquis. for Var. Parks (Open Sp)	4/11/17	680,340.00				646,323.00	34,017.00			135,458.82	341,651.03	203,230.15
4192	Imprvs. to Various Historic Houses (Open Space)	4/11/17	678,240.00				644,328.00	33,912.00			19,000.62	74,235.02	585,004.36
4194	Purch. of Security Cameras and Soccer Goal Replacem	4/11/17	35,000.00					35,000.00			15,890.75	8,220.00	10,889.25
4196	Acquis. and Replacement of Computer Equipment	4/11/17	93,000.00					93,000.00			16,341.16	5,819.00	70,839.84
4213	Acquis. of Real Property (Open Space)	11/13/17	10,194,000.00				5,000,000.00	5,194,000.00			10,194,000.00		
4214	Acquis. of Real Property	11/13/17	3,896,000.00				186,000.00	3,710,000.00			3,896,000.00		
				<b>\$ 6,971,282.35</b>	<b>\$ 8,807,342.14</b>	<b>\$ 1,673,628.00</b>	<b>\$ 14,526,473.00</b>	<b>\$ 6,112,129.00</b>	<b>\$ 3,044,188.92</b>	<b>\$ 20,201,392.72</b>	<b>\$ 2,951,220.94</b>	<b>\$ 8,188,853.29</b>	<b>\$ 9,793,576.46</b>

Ref.	C	C	C-13	C-6	Below	C	C-2	C	C	C
Funds Received										
Shade Tree Trust						\$ 65,000.00				
General Capital Fund Balance						93,000.00	\$ 20,136,392.72	\$ 3,339,839.46		
Due from Open Space Fund						5,954,129.00	65,000.00	(388,618.52)		
						<b>\$ 6,112,129.00</b>	<b>\$ 20,201,392.72</b>	<b>\$ 2,951,220.94</b>		

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DEC. 31, 2016	INCREASED	DECREASED	BALANCE DEC. 31, 2017
			DATE	AMOUNT					
General Improvement Bonds	1/15/2007	\$ 7,557,000.00				\$ 832,000.00	\$	\$ 832,000.00	\$
General Improvement Refunding Bonds	5/8/2009	10,730,000.00				1,510,000.00		1,510,000.00	
General Improvement Bonds	6/15/2010	9,550,000.00	5/15/2018	\$ 1,400,000.00	3.500%	2,800,000.00		1,400,000.00	1,400,000.00
General Improvement Bonds	11/7/2014	9,620,000.00	11/1/2018	750,000.00	1.250%				
			11/1/2019	750,000.00	2.000%				
			11/1/2020	750,000.00	2.000%				
			11/1/2021	750,000.00	3.000%				
			11/1/2022	1,000,000.00	2.000%				
			11/1/2023	1,000,000.00	2.125%				
			11/1/2024	1,000,000.00	2.250%				
			11/1/2025	1,000,000.00	2.500%				
			11/1/2026	1,000,000.00	3.000%	8,620,000.00		620,000.00	8,000,000.00
General Improvement Bonds	12/20/2017	12,725,000.00	12/15/2018	1,100,000.00	2.000%				
			12/15/2019	1,100,000.00	2.000%				
			12/15/2020	800,000.00	2.000%				
			12/15/2021	800,000.00	2.000%				
			12/15/2022	550,000.00	3.000%				
			12/15/2023	550,000.00	3.000%				
			12/15/2024	550,000.00	4.000%				
			12/15/2025	575,000.00	4.000%				
			12/15/2026	600,000.00	3.000%				
			12/15/2027	1,100,000.00	2.125%				
			12/15/2028	1,000,000.00	3.000%				
			12/15/2029	1,000,000.00	3.000%				
			12/15/1930	1,000,000.00	3.000%				
			12/15/1931	1,000,000.00	3.000%				
			12/15/1932	1,000,000.00	3.000%				
							12,725,000.00		12,725,000.00
						<u>\$ 13,762,000.00</u>	<u>\$ 12,725,000.00</u>	<u>\$ 4,362,000.00</u>	<u>\$ 22,125,000.00</u>
					Ref.	C	C-2	C-5	C
					General Capital Serial Bonds		\$ 12,725,000.00		
					Open Space Serial Bonds - Funded and				
					Bonds Payable Transferred to Open Space Fund	C-2, C-5	<u>6,500,000.00</u>		
							<u>\$ 19,225,000.00</u>		



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
 SCHEDULE OF CAPITAL LEASES PAYABLE

SOMERSET COUNTY IMPROVEMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2017</u>
Various Capital Equipment - 2012*	\$ 609,030.00				\$124,363.77	\$124,363.77	\$
					<u>\$ 124,363.77</u>	<u>\$ 124,363.77</u>	<u>\$</u>

Ref.

C

C-5

C

\* Denotes Leases entered into subsequent to July 1, 2007.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL LEASES PAYABLE  
ENERGY LEASE - TD BANK

FOR THE YEAR ENDED DECEMBER 31, 2017

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>DATE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES</u>		<u>BALANCE DEC. 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2017</u>
				<u>DATE</u>	<u>AMOUNT</u>			
Energy Efficient Equipment	\$1,132,878.21	9/7/12	3.7529%	2018	\$ 69,494.03	\$ 863,368.10	\$ 63,416.84	\$ 799,951.26
				2019	73,537.99			
				2020	79,182.72			
				2021	84,692.27			
				2022	89,968.03			
				2023	97,746.67			
				2024	105,246.65			
				2025	111,713.64			
				2026	88,369.26			
						<u>\$ 863,368.10</u>	<u>\$ 63,416.84</u>	<u>\$ 799,951.26</u>
						C	C-5	C

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance Dec. 31, 2016	Increases	Balance Dec. 31, 2017
Reserve for:			
Cash Reserves:			
To Pay Green Trust Loan Payable	\$ 114,540.72	\$	\$ 114,540.72
To Pay Debt Service	235,929.41		235,929.41
Interest Earned - Green Trust Loan	12,146.16		12,146.16
Pierce, Davidson & Elizabeth	402.89		402.89
Due from Rutgers/Huthcheson - VBT	19,482.04		19,482.04
Villagers Lease Program	13,456.90	868.20	14,325.10
Developers Agreement	33,565.00		33,565.00
Franklin Township Library	24,632.00		24,632.00
	<u>\$ 454,155.12</u>	<u>\$ 868.20</u>	<u>\$ 455,023.32</u>
Ref.	C	C-2	C

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR  
CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
Balance -December 31, 2016	C	\$ 143,189.74
Increased by:		
Budget Appropriation	C-7	<u>1,580,628.00</u>
		1,723,817.74
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>1,673,628.00</u>
Balance -December 31, 2017	C	<u><u>\$ 50,189.74</u></u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

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

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2016</u>	<u>AUTHORIZED 2017</u>	<u>2017 FUNDING</u>	<u>BALANCE DEC. 31, 2017</u>
<u>General Improvements</u>					
3474	Construction of Veterans Memorial	\$ 47.00	\$	\$	\$ 47.00
3606	Trunked Radio System	154,790.00		154,790.00	
3811	2009 Road Overlay Program	328,262.06		280,975.00	47,287.06
3819	Repaving of Municipal Parking Lot	260,164.61		45,490.00	214,674.61
3822	Various Capital Improvements - FY2009	194,500.00		59,795.00	134,705.00
3876	2010 Road Overlay	198,500.00			198,500.00
3922-11	New Telephone System (Amended)	35,000.00		17,600.00	17,400.00
3941-11	Document Imaging Project	905.00			905.00
3963	2012 Road Overlay Program	266,500.00			266,500.00
3981	Various Technology Improvements	112,100.00		53,400.00	58,700.00
3982	2012 Road Resurfacing Program	670,000.00		20,450.00	649,550.00
4026	2013 Road Overlay Program	600,000.00		184,500.00	415,500.00
4029	Improvements to Middlebush Park	250.00			250.00
4062	2014 Road Resurfacing Program	2,375,000.00		2,215,000.00	160,000.00
4063	Various Capital Improvements	551,900.00		480,000.00	71,900.00
4107	2015 Road Resurfacing Program	2,422,500.00		2,253,000.00	169,500.00
4108	Various Capital Improvements - 2015	1,394,400.00		920,000.00	474,400.00
4140	Various Capital Improvements - 2016	1,333,750.00		580,000.00	753,750.00
4141	2016 Road Resurfacing Program	1,552,000.00		150,000.00	1,402,000.00
4142	Improv. & Equip Var. Parks - Open Space	3,952,750.00		1,500,000.00	2,452,750.00
4189	Various 2017 Capital Improv. and Equip. Acquis.		2,555,522.00	100,000.00	2,455,522.00
4190	2017 Road Resurfacing Program		1,970,300.00	1,500,000.00	470,300.00
4191	Imprvs. to and Equip. Acquis. for Var. Parks (Open Space)		646,323.00		646,323.00
4192	Imprvs. to Various Historic Houses		644,328.00		644,328.00
4213	Acquis. of Real Property (Open Space)		5,000,000.00	5,000,000.00	
4214	Acquis. of Real Property		3,710,000.00	3,710,000.00	
		<u>\$ 16,403,318.67</u>	<u>\$ 14,526,473.00</u>	<u>\$ 19,225,000.00</u>	<u>\$ 11,704,791.67</u>
<u>Ref.</u>		C	C-8	C-9	C

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-6

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Assessment Trust Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2016	D	\$10,774,696.98	\$	\$ 9,470,464.34
Increased by Receipts:				
Treasurer - Misc. Revenue	D-3	\$ 112,318.71	\$	\$
Collector - Misc. Revenue	D-3	813,884.28		
Prepaid Water Rents	D-19	661.99		
Water Rent Collections	D-10	11,673,022.16		
Fire Service Rent Collections	D-11	1,112,437.87		
Water Lien Collections	D-12	466.05		
Water Rent Overpayments	D-18	30,018.33		
Interfunds Receivable/Payable	D-13, D-14	181,009.67		35,243.03
Sale of Bonds - Proceeds	D-24			5,000,000.00
Bond Premium	D-2			148,984.24
		<u>13,923,819.06</u>		<u>5,184,227.27</u>
		24,698,516.04		14,654,691.61
Decreased by Disbursements:				
Budget Expenditures	D-4	12,301,641.00		
Appropriation Reserves	D-17	871,766.12		
Water Rent Overpayments Refunded	D-18	11,506.33		
Accounts Payable	D-20	11,397.49		
Improvement Authorizations	D-22			816,679.59
Interfunds Receivable/Payable	D-14			181,009.67
		<u>13,196,310.94</u>		<u>997,689.26</u>
Balance, December 31, 2017	D	<u><u>\$11,502,205.10</u></u>	<u><u>\$</u></u>	<u><u>\$13,657,002.35</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

SCHEDULE OF CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-7

	Balance <u>December 31, 2016</u>	Balance <u>December 31, 2017</u>
Collector	<u>\$ 200.00</u>	<u>\$ 200.00</u>
<u>Ref.</u>	D	D

WATER UTILITY OPERATING FUND  
ANALYSIS OF CASH AND INVESTMENTS  
WATER UTILITY ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-8

	Balance <u>December 31, 2016</u>	Balance <u>December 31, 2017</u>
Fund Balance	<u>\$ 14,487.70</u>	<u>\$ 14,487.70</u>
<u>Ref.</u>	D	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
ANALYSIS OF CASH AND INVESTMENTS  
WATER UTILITY CAPITAL CASH  
DECEMBER 31, 2017

D-9

	<u>Ref.</u>	Balance <u>December 31, 2017</u>
Fund Balance	D-2	\$ 1,699,288.66
Capital Improvement Fund	D-26	1,520,015.01
Improvement Authorizations Funded	D-22	9,270,588.20
Improvement Authorizations Unfunded	D-22	4,525,516.89
Bonds and Notes Authorized But Not Issued	D-29	(4,551,483.00)
Reserve for Encumbrances	D-22	1,406,744.06
Reserve to Pay Debt Service	D-23	67,589.50
Interfunds Payable	D-14	(281,256.97)
	D	<hr/> <u>\$ 13,657,002.35</u>



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-10

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 1,900,740.22
Increased by:		
Water Rents Billed (Net)	Reserve	<u>11,535,861.18</u>
		13,436,601.40
Decreased by:		
Collections	D-6	\$ 11,673,022.16
Transfers to Liens	D-12	<u>11,117.85</u>
		<u>11,684,140.01</u>
Balance, December 31, 2017	D	<u><u>\$ 1,752,461.39</u></u>

WATER UTILITY OPERATING FUND  
SCHEDULE OF FIRE SERVICE RENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-11

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 449,381.30
Increased by:		
Fire Service Rent Billings (Net)	Reserve	<u>1,138,553.87</u>
		1,587,935.17
Decreased by:		
Collections	D-6	\$ 1,112,437.87
Prepays Applied	D-3, D-19	<u>178.40</u>
Total Collections		<u>1,112,616.27</u>
Transfers to Liens	D-12	<u>6,023.48</u>
		<u>6,023.48</u>
Total Credits		<u>1,118,639.75</u>
Balance, December 31, 2017	D	<u><u>\$ 469,295.42</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-12

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	D	\$	1,407.88
Increased by:			
Transfers from:			
Water Rents	D-10	\$	11,117.85
Fire Service Rents	D-11		6,023.48
Lien Costs and Interest	Reserve		<u>546.35</u>
			<u>17,687.68</u>
			19,095.56
Decreased by:			
Payments Received	D-6		<u>466.05</u>
			<u>466.05</u>
Balance, December 31, 2017	D	\$	<u><u>18,629.51</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-13

	<u>Ref.</u>	<u>Total</u>	<u>Water Assessment Trust</u>	<u>Water Utility Capital</u>
Balance, December 31, 2016				
Due From	D	\$ (181,009.67)	\$	\$ (181,009.67)
Due To	D	<u>14,487.70</u>	<u>14,487.70</u>	<u>                    </u>
Adjustments:				
Accrued Interfunds	D-3	(35,243.03)		(35,243.03)
Capital Improvement Fund	D-4	316,500.00		316,500.00
Cash Receipts	D-6	<u>181,009.67</u>	<u>                    </u>	<u>181,009.67</u>
Subtotal		<u>295,744.67</u>	<u>14,487.70</u>	<u>281,256.97</u>
Balance, December 31, 2017				
Due To	D	<u>\$ 295,744.67</u>	<u>\$ 14,487.70</u>	<u>\$ 281,256.97</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-14

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Operating</u>
Balance, December 31, 2016			
Due To	D	\$ 181,009.67	\$ 181,009.67
Adjustments:			
Funds Received	D-6	35,243.03	35,243.03
Capital Improvement Fund	D-26	(316,500.00)	(316,500.00)
Disbursed	D-6	<u>(181,009.67)</u>	<u>(181,009.67)</u>
		<u>(462,266.64)</u>	<u>(462,266.64)</u>
Balance, December 31, 2017			
Due From	D	<u>\$ (281,256.97)</u>	<u>\$ (281,256.97)</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-15

<u>Account</u>	<u>Balance</u> <u>December 31, 2016</u>	<u>Balance</u> <u>December 31, 2017</u>
Land & Distribution Rights	\$ 271,211.76	\$ 271,211.76
Distrib. Mains & Appurt.	23,920,849.33	23,920,849.33
Meters, Meter Boxes, Vaults & Equip.	3,091,850.29	3,091,850.29
Fire Hydrants	283,871.91	283,871.91
Engineering Costs	1,636,234.75	1,636,234.75
Legal Services and Costs	157,771.90	157,771.90
Int. During Constr.	113,834.97	113,834.97
Office Equip.	51,876.32	51,876.32
Construction Equip.	658,910.83	658,910.83
Trailer	2,933.45	2,933.45
Transportation	176,159.51	176,159.51
Building Improvements, Extensions	284,843.03	284,843.03
Fuel Depot and Storage Shed	208,705.36	208,705.36
Miscellaneous Expenses	1,589,830.99	1,589,830.99
	<u>\$ 32,448,884.40</u>	<u>\$ 32,448,884.40</u>
	<u>\$ 32,448,884.40</u>	<u>\$ 32,448,884.40</u>
	<u>Ref.</u> D	D

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-16

Ord. No.	Improvement Description	Ordinance		Balance	2017	Balance
		Date	Amount	December 31, 2016	Authorization	December 31, 2017
3544	Various Capital Improvements	6/8/2005	\$ 1,415,383.00	\$ 1,415,383.00	\$	\$ 1,415,383.00
3608	Acq. Of Var. Vehicles and Equip.	6/13/2006	397,000.00	397,000.00		397,000.00
3612	Constr. Of Steel Garage	6/13/2006	55,000.00	55,000.00		55,000.00
3684	Various Capital Improvements		1,848,000.00	1,848,000.00		1,848,000.00
3762	Various Capital Improvements	6/24/2008	4,929,250.00	4,929,250.00		4,929,250.00
3823	Various 2009 Capital Improvements	4/28/2009	482,000.00	482,000.00		482,000.00
3852/	Interconnect Water Line -	10/27/2009	750,000.00	-		-
4033	New Brunswick (Amended)	9/10/13	430,000.00	1,180,000.00		1,180,000.00
3952	Various 2011 Water System Improvements	10/25/11	840,000.00	840,000.00		840,000.00
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	656,000.00		656,000.00
4035	Engineering Services - Little Rocky Hill Water Main	9/10/13	210,000.00	210,000.00		210,000.00
4064	Various Capital Acquisitions & Improvements	6/24/14	4,105,000.00	4,105,000.00		4,105,000.00
4109	Various Capital Acquisitions & Improvements	5/26/15	1,033,000.00	1,033,000.00		1,033,000.00
4143	Various 2016 Capital Improvements	4/12/16	1,020,000.00	1,020,000.00		1,020,000.00
4145	Various Capital Acquisitions & Improvements - 2016	4/12/16	438,000.00	438,000.00		438,000.00
4193	Various 2017 Capital Improvements	4/11/17	316,500.00		3,143,100.00	3,143,100.00
4195	Various 2017 Acquis. for the Water Utility	4/11/17	316,500.00		316,500.00	316,500.00
				<u>\$ 18,608,633.00</u>	<u>\$ 3,459,600.00</u>	<u>\$ 22,068,233.00</u>
		<u>Ref.</u>		D	D-22	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES  
WATER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-17

	<u>Balance</u> <u>December 31, 2016</u>	<u>Reserve for</u> <u>Encumbrances</u> <u>December 31, 2016</u>	<u>Amount</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Accounts Payable</u> <u>December 31, 2017</u>	<u>Balance</u> <u>Lapsed</u>
Operating:						
Salaries and Wages	\$ 299,431.18	\$	\$ 299,431.18	\$ 23,115.35	\$	\$ 276,315.83
Other Expenses	110,888.13	850,939.71	961,827.84	848,650.77	14,655.68	98,521.39
Health Benefits	0.82		0.82			0.82
Capital Improvements:						
Capital Outlay	260,000.00		260,000.00			260,000.00
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	<u>5,538.62</u>		<u>5,538.62</u>			<u>5,538.62</u>
	<u>\$ 675,858.75</u>	<u>\$ 850,939.71</u>	<u>\$ 1,526,798.46</u>	<u>\$ 871,766.12</u>	<u>\$ 14,655.68</u>	<u>\$ 640,376.66</u>
<u>Ref.</u>	D	D		D-6	D-20	D-1

TOWNSHIP OF FRANKLIN  
WATER UTILITY OPERATING FUND

D-18

SCHEDULE OF WATER RENT OVERPAYMENTS  
WATER UTILITY OPERATING FUND

	<u>REF.</u>	<u>WATER RENTS</u>
Balance - December 31, 2016	D	\$ 66,539.95
Increased by:		
Overpayments Received	D- 6	30,018.33
		<u>96,558.28</u>
Decreased by:		
Overpayments Refunded	D- 6	11,506.33
		<u>11,506.33</u>
Balance - December 31, 2017	D	<u>\$ 85,051.95</u>

D-19

SCHEDULE OF PREPAID FIRE SERVICE RENTS  
WATER UTILITY OPERATING FUND

	<u>REF.</u>	<u>FIRE SERVICE</u>
Balance - December 31, 2016	D	\$ 178.40
Increased by:		
Prepayments Received	D-6	661.99
		<u>840.39</u>
Decreased by:		
Prepaid Fire Service Rents Applied	D-11	<u>\$ 178.40</u>
		<u>178.40</u>
Balance - December 31, 2017	D	<u>\$ 661.99</u>

D-20

SCHEDULE OF ACCOUNTS PAYABLE  
WATER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 826,340.61
Increased by:		
Charged to Approp. Reserves	D-17	14,655.68
		<u>840,996.29</u>
Decreased by:		
Accounts Payable Liquidated	D-6	11,397.49
		<u>11,397.49</u>
Balance - December 31, 2017	D	<u>\$ 829,598.80</u>



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS D-21  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 45,352.92
Decreased by:		
Adjustments to Accrued Interest	D-1	<u>(6,758.82)</u>
Balance, December 31, 2017	D	<u>\$ 38,594.10</u>

Analysis of Balance - December 31, 2017

<u>Principal Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>From 2017</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
General & Refunding Bonds:					
\$ 1,665,000.00	Various	November 15	December 31, 2017	1.5 mos.	\$ 7,284.38
5,605,000.00	Various	November 1	December 31, 2017	2 mos.	23,082.29
5,000,000.00	Various	December 20	December 31, 2017	11 days	3,961.80
Environmental Loan:					
\$ 195,000.00	Various	August 1	December 31, 2017	5.0 mos.	<u>4,265.63</u>
Total					<u>\$ 38,594.10</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-22

Ord No.	Improvement Description	ORDINANCE		Balance, December 31, 2016		2017 Authorizations	Encumbrances December 31, 2016	Paid or Charged	Encumbrances December 31, 2017	Balance, December 31, 2017	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
<u>General Improvements:</u>											
3544	Various Capital Improvements	6/08/05	\$ 1,415,383.00	\$	\$ 383.00	\$	\$ 801.29	\$	\$	\$ 801.29	\$ 383.00
3608	Acq. Of Var. Vehicles and Equipment	6/13/06	397,000.00	2,316.08						2,316.08	
3684	Various 2007 Capital Improvements		1,848,000.00	374,556.42	339,000.00		2,900.00	2,900.00		374,556.42	339,000.00
3762	Various 2008 Capital Improvements	6/24/08	4,929,250.00	830,375.47	3,600,000.00			4,135.00		3,826,240.47	600,000.00
3823	Various 2009 Capital Improvements, Amended	4/28/09	482,000.00	125,983.00						125,983.00	
3852/	Interconnect Water Line -	10/27/09	750,000.00								
4033	New Brunswick (Amended)	9/10/13	430,000.00	65,208.68			53,905.08		53,905.08	65,208.68	
3952	Various 2011 Water System Improvements	10/25/11	840,000.00		407,135.64					135.64	407,000.00
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	6,324.76	1,000.00					6,324.76	1,000.00
4035	Engineering Services - Little Rocky Hill Water Main	9/10/13	210,000.00	27,700.00			45,410.00			73,110.00	
4064	Various Capital Acquisitions & Improvements - 2014	6/24/14	4,105,000.00	3,972,375.36			24,760.86	26,354.96	3,570.90	3,967,210.36	
4109	Various Capital Acquisitions & Improvements - 2015	5/26/15	1,033,000.00		518,237.69		206,929.09	224,309.50	3,823.39		497,033.89
4143	Various 2016 Capital Improvements	4/12/16	1,020,000.00		1,019,405.28			17,756.26	203,349.02	3,300.00	795,000.00
4145	Various Capital Acquisitions & Improvements - 2016	4/12/16	438,000.00	259,366.75			61,355.00	114,785.00	205,907.59	29.16	
4193	Various 2017 Capital Improvements	4/11/17	3,143,100.00			3,143,100.00		243,081.26	915,418.08	98,500.66	1,886,100.00
4195	Various 2017 Acquis. for the Water Utility	4/11/17	316,500.00			316,500.00		183,357.61	20,770.00	112,372.39	
<u>Local Improvements:</u>											
2059	Acquis. and Implementation of a Booster Pump Station Along Rt 27	2/11/98	800,000.00	614,499.29						614,499.29	
				<u>\$ 6,278,705.81</u>	<u>\$ 5,885,161.61</u>	<u>\$ 3,459,600.00</u>	<u>\$ 396,061.32</u>	<u>\$ 816,679.59</u>	<u>\$ 1,406,744.06</u>	<u>\$ 9,270,588.20</u>	<u>\$ 4,525,516.89</u>
		<u>Ref.</u>		D	D	D-16	D	D-6	D	D	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND

D-23

SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Balance</u> <u>December 31, 2016</u>	<u>Balance</u> <u>December 31, 2017</u>
Reserve for:		
To Pay Debt Service	<u>\$ 67,589.50</u>	<u>\$ 67,589.50</u>
	<u><u>\$ 67,589.50</u></u>	<u><u>\$ 67,589.50</u></u>
<u>Ref.</u>	D	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY CAPITAL FUND

D-24

SCHEDULE OF WATER UTILITY CAPITAL SERIAL BONDS

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE Dec. 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE Dec. 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>					
Water Utility Bonds 2007	1/15/2007	\$ 2,575,000.00				\$ 258,000.00	\$	\$ 258,000.00	\$
Water Utility Bonds - Series 2010	6/15/2010	5,440,000.00	5/15/2018 2019 2020	\$ 555,000.00 555,000.00 555,000.00	3.500% 3.500% 3.500%	2,220,000.00		555,000.00	1,665,000.00
Water Utility Bonds - Series 2014	10/29/2014	6,580,000.00	11/1/2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029	375,000.00 400,000.00 425,000.00 455,000.00 475,000.00 475,000.00 475,000.00 475,000.00 475,000.00 525,000.00 525,000.00 525,000.00	1.250% 2.000% 2.000% 3.000% 2.000% 2.125% 2.250% 2.500% 3.000% 3.000% 3.000% 3.000%	5,955,000.00		350,000.00	5,605,000.00
Water Utility Bonds - Series 2017	12/20/2017	5,000,000.00	12/15/2018 12/15/2019 12/15/2020 12/15/2021 12/15/2022 12/15/2023 12/15/2024 12/15/2025 12/15/2026 12/15/2027	300,000.00 300,000.00 300,000.00 600,000.00 600,000.00 600,000.00 600,000.00 600,000.00 600,000.00 500,000.00	2.000% 2.000% 2.000% 2.000% 3.000% 3.000% 4.000% 4.000% 3.000% 2.125%		5,000,000.00		5,000,000.00
						<u>\$ 8,433,000.00</u>	<u>\$ 5,000,000.00</u>	<u>\$ 1,163,000.00</u>	<u>\$ 12,270,000.00</u>
						D	D-16	D-27	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY CAPITAL FUND

D-25

SCHEDULE OF WATER LOANS PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LOANS</u>		<u>BALANCE Dec. 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE Dec. 31, 2017</u>
				<u>DATE</u>	<u>AMOUNT</u>			
Infrastructure Water Loan	11/9/2000	\$855,000.00	5.250%	8/1/2018	\$ 60,000.00	\$ 255,000.00	\$ 60,000.00	\$ 195,000.00
			5.250%	8/1/2019	65,000.00			
			5.250%	8/1/2020	70,000.00			
			<u>YEAR</u>	<u>SEMI-ANNUAL PRINCIPAL</u>				
				<u>1-Feb</u>	<u>1-Aug</u>			
Infrastructure Water Loan - Principal Only Loan Reduction	11/9/2000	\$858,733.00 <u>(173,121.00)</u> <u>\$685,612.00</u>				4,789.75	4,789.75	
Infrastructure Water Loan	10/15/2002	\$860,000.00				80,000.00	80,000.00	
						<u>\$ 339,789.75</u>	<u>\$144,789.75</u>	<u>\$ 195,000.00</u>
				<u>Ref.</u>		D	D-27	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND D-26  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 1,520,015.01
Increased by:		
Budget Appropriation	D-14	316,500.00
		<u>1,836,515.01</u>
Decreased by:		
Appropriated to Finance Improv. Author.	D-28	316,500.00
		<u>316,500.00</u>
Balance, December 31, 2017	D	<u>\$ 1,520,015.01</u>

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	35,228,344.65
Increased by:		
Paid by Budget Appropriations:		
NJEIT Loans	D-25	\$ 144,789.75
Serial Bonds	D-24	<u>1,163,000.00</u>
		<u>1,307,789.75</u>
Balance, December 31, 2017	D	<u>\$ 36,536,134.40</u>

WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	D	\$ 648,000.00
Increased by:		
Improvement Authorizations:		
Capital Improvement Fund	D-26	<u>\$ 316,500.00</u>
		<u>316,500.00</u>
Balance, December 31, 2017	D	<u>\$ 964,500.00</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2017

D-29

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>December 31, 2016</u>	<u>2017</u> <u>Authorizations</u>	<u>2017</u> <u>Funding</u>	<u>Balance</u> <u>December 31, 2017</u>
3544	Various Capital Improvements	\$ 383.00	\$	\$	\$ 383.00
3684	Various Capital Improvements	339,000.00			339,000.00
3762	Various 2008 Capital Improvements	3,600,000.00		3,000,000.00	600,000.00
3952	Various 2011 Water System Improvements	415,000.00		8,000.00	407,000.00
4028	Various Capital Acquisitions & Improvements - 2014	1,000.00			1,000.00
4109	Various Capital Acquisitions & Improvements - 2015	1,033,000.00		510,000.00	523,000.00
4143	Various 2016 Capital Improvements	1,020,000.00		225,000.00	795,000.00
4193	Various 2017 Capital Improvements		3,143,100.00	1,257,000.00	1,886,100.00
		<u>\$ 6,408,383.00</u>	<u>\$ 3,143,100.00</u>	<u>\$ 5,000,000.00</u>	<u>\$ 4,551,483.00</u>
	<u>Ref.</u>	D		D-24	D

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCT.</u>	<u>FUND</u> <u>TOTAL</u>
Balance-December 31, 2016	E	\$	\$
Increased by Receipts:			
State Aid for Public Assistance	E - 2	106,696.17	106,696.17
S.S.I. Reimbursements	E - 2	16,256.00	16,256.00
		<u>122,952.17</u>	<u>122,952.17</u>
		122,952.17	122,952.17
Decreased by Disbursements:			
Disbursed for Public Assistance	E - 2	107,039.41	107,039.41
Payment to State	E - 2	15,671.58	15,671.58
Misc	E - 2	653.18	653.18
		<u>123,364.17</u>	<u>123,364.17</u>
Balance- December 31, 2017	E	<u>\$ (412.00)</u>	<u>\$ (412.00)</u>



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY - NEW JERSEY

PUBLIC ASSISTANCE FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>		
Balance - December 31, 2016	E- 1		\$
Increased by:			
Cash Receipts Record	E- 1		<u>122,952.17</u>
			122,952.17
Decreased by:			
Cash Disbursements Record:			
FY 2017 Assistance		\$ 107,039.41	
Miscellaneous		653.18	
S.S.I. Reimbursements to State		<u>15,671.58</u>	
	E- 1		<u>123,364.17</u>
Balance - December 31, 2017	E-1		<u>\$ (412.00)</u>
<u>Reconciliation - December 31, 2017:</u>			
		<u>P.A.T.F.</u>	
		<u>ACCT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America, Somerset, N.J.			
- Government Agency Account		\$ 412.00	\$ 412.00
Less: Outstanding Checks			
		<u>412.00</u>	<u>412.00</u>
- Government Agency Account		<u>\$ (412.00)</u>	<u>\$ (412.00)</u>

Ref.

E- 2

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY - NEW JERSEY

PUBLIC ASSISTANCE FUND  
SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>P.A.T.F.</u> <u>ACCT.</u>	<u>FUND</u> <u>TOTAL</u>
State Aid Payments	\$ 107,108.17	\$ 107,108.17
State Aid for Public Assistance	107,108.17	107,108.17
Supplemental Security Income: Client Refund	<u>16,256.00</u>	<u>16,256.00</u>
Total Receipts/Revenues (PATF)	<u>\$ 123,364.17</u>	<u>\$ 123,364.17</u>
<u>Ref.</u>		E- 5

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

	<u>P.A.T.F.</u> <u>ACCT.</u>	<u>P.A.T.F.</u> <u>TOTAL</u>
Payments for Current Year Assistance (Reported):		
Maintenance Payments	\$ 48,983.91	\$ 48,983.91
Other:		
Temporary Rent Assistance	52,382.50	52,382.50
Bank Charges	653.18	653.18
Transportation	<u>5,673.00</u>	<u>5,673.00</u>
Total Reported	107,692.59	107,692.59
S.S.I. Payments: Payment to State	<u>15,671.58</u>	<u>15,671.58</u>
Total Disbursements (PATF)	<u>\$ 123,364.17</u>	<u>\$ 123,364.17</u>
<u>Ref.</u>		E- 5

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY - NEW JERSEY

PUBLIC ASSISTANCE FUND  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2017

REF.

Balance - December 31, 2016

Reserve for Public Assistance	E	\$	
Advanced State Aid	E		_____
			\$

Increased by:

State Aid for Public Assistance	E- 4	107,108.17	
S.S.I. Reimbursements	E- 4	16,256.00	
		_____	123,364.17
			123,364.17

Decreased by:

Payments for Public Assistance	E- 5	122,710.99	
Misc - Bank Charges	E- 5	653.18	
		_____	123,364.17

Balance - December 31, 2017	E	\$	=====
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Analysis of Balance - December 31, 2017:

Reserve for Public Assistance	E	\$	
Advanced State Aid	E		_____
	E- 5	\$	=====

***SUPPLEMENTARY DATA***

**TOWNSHIP OF FRANKLIN  
COUNTY OF SOMERSET, NEW JERSEY**

**COMBINED BALANCE SHEET  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER UTILITY FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
						DEC. 31, 2017	DEC. 31, 2016
<b>ASSETS</b>							
Cash and Investments	\$ 53,240,198.79	\$ 46,124,447.84	\$ 689,807.20	\$ 25,159,407.45	\$	\$ 125,213,861.28	\$ 102,342,449.51
Accounts Receivable							
State and Federal Grants Receivable	3,383,244.79		59,756.24			3,443,001.03	3,457,450.20
Due from State of New Jersey	6,750.00					6,750.00	8,250.00
Taxes, Assessments, Liens & Utility Charges	3,444,713.40	122,166.85		2,240,386.32		5,807,266.57	5,510,014.22
Interfund Loans	310,783.81	14,842.00	11,679,034.10	295,744.67		12,300,404.58	5,377,527.75
Other Accounts Receivable	49,760.68					49,760.68	32,410.60
Property Acquired For Taxes at Assessed Valuation	329,973.00					329,973.00	329,973.00
Prepaid School Taxes	-					-	-
Inventory				498,248.33		498,248.33	552,378.25
Fixed Assets - Governmental					58,981,334.69	58,981,334.69	58,625,387.81
Fixed Capital - Utility				32,448,884.40		32,448,884.40	32,448,884.40
Fixed Capital - Authorized and Uncompleted - Utility				22,068,233.00		22,068,233.00	18,608,633.00
Deferred Charges to Revenue of Succeeding Years						-	-
Deferred Charges to Future Taxation: General Capital Fund/Open Space Fund		15,140,000.00	34,629,742.93			49,769,742.93	42,463,050.54
<b>Total Assets</b>	<b>\$ 60,765,424.47</b>	<b>\$ 61,401,456.69</b>	<b>\$ 47,058,340.47</b>	<b>\$ 82,710,904.17</b>	<b>\$ 58,981,334.69</b>	<b>\$ 310,917,460.49</b>	<b>\$ 269,756,409.28</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>							
Bonds and Notes Payable	\$	\$ 15,140,000.00	\$ 22,125,000.00	\$ 12,270,000.00	\$	\$ 49,535,000.00	\$ 33,505,000.00
Leases and Loans Payable			799,951.26	195,000.00		994,951.26	1,327,521.62
Prepaid Taxes, Assessments, Utility Charges and Licenses	11,327,618.07			661.99		11,328,280.06	1,905,869.53
Tax, Assessment, Lien, License and Utility Charge Overpayments	25,841.17			85,051.95		110,893.12	69,977.07
Appropriation Reserves	2,572,992.85			583,950.15		3,156,943.00	3,429,906.91
Reserves for Encumbrances/ Accounts Payable	1,485,419.19	482,446.70	2,951,220.94	3,092,086.22		8,011,173.05	7,241,619.86
Due County for Added Taxes	-					-	-
Other Liabilities	87,662.00			38,594.10		126,256.10	158,233.92
Amounts Pledged to Specific Purposes	9,233,093.30	37,156,851.49	505,213.06	1,587,604.51		48,482,762.36	47,554,708.15
Interfund Loans	5,745,075.19	6,259,584.72		295,744.67		12,300,404.58	5,377,527.75
Escrow Funds		1,580,566.57				1,580,566.57	1,580,712.32
Improvement Authorizations			17,982,429.75	13,796,105.09		31,778,534.84	27,942,491.91
Investments in Governmental Fixed Assets					58,981,334.69	58,981,334.69	58,625,387.81
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				37,500,634.40		37,500,634.40	35,876,344.65
Reserve for Certain Assets Acquired or Receivables & Inventories	4,135,230.89			2,738,634.65		6,873,865.54	7,014,506.95
Fund Balance	26,152,491.81	782,007.21	2,694,525.46	10,526,836.44		40,155,860.92	38,146,600.83
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 60,765,424.47</b>	<b>\$ 61,401,456.69</b>	<b>\$ 47,058,340.47</b>	<b>\$ 82,710,904.17</b>	<b>\$ 58,981,334.69</b>	<b>\$ 310,917,460.49</b>	<b>\$ 269,756,409.28</b>

**TOWNSHIP OF FRANKLIN**  
**COMPARATIVE STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - CURRENT FUND**

<u>REVENUE AND OTHER INCOME REALIZED</u>	CALENDAR YEAR 2017		CALENDAR YEAR 2016	
	AMOUNT	%	AMOUNT	%
Fund Balance Utilized	\$ 6,234,270.00	2.53	\$ 6,381,494.00	2.62
Miscellaneous - From Other than Local Property Tax Levies	17,390,196.55	7.06	17,161,993.94	7.05
Collection of Delinquent Taxes and Tax Title Liens	2,509,352.46	1.02	3,140,326.10	1.29
Collections of Current Tax Levy	220,148,136.08	89.39	216,586,420.33	89.03
Total Income	\$ 246,281,955.09	100.00	\$ 243,270,234.37	100.00
 <u>EXPENDITURES</u>				
Budget Expenditures				
Municipal Purposes	\$ 54,996,301.01	23.01	\$ 55,351,883.26	23.53
Special District Taxes	6,756,571.00	2.83	6,546,576.14	2.78
County Taxes	33,198,170.90	13.89	32,505,358.50	13.82
Local School Taxes	139,288,627.00	58.28	136,084,365.00	57.85
Municipal Open Space	4,755,802.00	1.99	4,627,235.00	1.97
Other Expenditures	16,586.98	0.01	120,551.06	0.05
Total Expenditures	239,012,058.89	100.00	235,235,968.96	100.00
Less: Expenditures to be Raised by Future Taxes	-		-	
Total Adjusted Expenditures	239,012,058.89		235,235,968.96	
Excess in Revenue	7,269,896.20		8,034,265.41	
Fund Balance January 1	25,116,865.61		23,464,094.20	
	32,386,761.81		31,498,359.61	
Less: Util. as Anticipated Revenue	6,234,270.00		6,381,494.00	
<b>Fund Balance December 31</b>	<b>\$ 26,152,491.81</b>		<b>\$ 25,116,865.61</b>	

**TOWNSHIP OF FRANKLIN**  
**COMPARATIVE STATEMENT OF OPERATIONS AND**  
**CHANGE IN FUND BALANCE - WATER UTILITY FUND**

<u>REVENUE AND OTHER INCOME REALIZED</u>	CALENDAR YEAR 2017		CALENDAR YEAR 2016	
	AMOUNT	%	AMOUNT	%
Fund Balance Utilized	\$ -		\$ -	
Water and Fire Service Rents	12,786,104.48	88.83	13,265,051.34	88.98
Miscellaneous - From Other than Rent Charges	1,608,581.50	11.17	1,642,603.66	11.02
Total Income	\$ 14,394,685.98	100.00	\$ 14,907,655.00	100.00
 <u>EXPENDITURES</u>				
Budget Expenditures				
Operating	\$ 11,843,626.00	84.25	\$ 11,051,452.00	83.03
Debt Service	1,540,318.51	10.96	1,578,156.51	11.86
Deferred Charges & Statutory Expend.	357,390.00	2.54	414,199.00	3.11
Capital Improvements	316,500.00	2.25	265,000.00	1.99
Other Charges	-		1,074.15	0.01
Total Expenditures	14,057,834.51	100.00	13,309,881.66	100.00
Excess/(Deficit) in Revenue	336,851.47		1,597,773.34	
Fund Balance January 1	8,476,208.61		6,878,435.27	
<b>Fund Balance December 31</b>	<b>\$ 8,813,060.08</b>		<b>\$ 8,476,208.61</b>	

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF SOMERSET, NEW JERSEY**

**STATISTICAL DATA**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate:	<u>\$2.262</u>	<u>\$2.281</u>	<u>\$2.265</u>
Apportionment of Tax Rate:			
Municipal	<u>\$0.367</u>	<u>\$0.378</u>	<u>\$0.379</u>
Municipal Library	<u>\$0.032</u>	<u>\$0.032</u>	<u>\$0.033</u>
Municipal Open Space	<u>\$0.050</u>	<u>\$0.050</u>	<u>\$0.050</u>
County	<u>\$0.317</u>	<u>\$0.319</u>	<u>\$0.318</u>
County Open Space	<u>\$0.031</u>	<u>\$0.030</u>	<u>\$0.030</u>
Local School	<u>\$1.465</u>	<u>\$1.472</u>	<u>\$1.455</u>
Assessed Valuation:			
2017	<u>\$9,510,963,660</u>		
2016		<u>\$9,246,202,748</u>	
2015			<u>\$9,058,493,716</u>

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2017 CY	\$ 223,297,344.96	\$ 220,148,136.08	98.59%
2016 CY	219,563,660.57	216,586,420.33	98.64%
2015 CY	213,269,513.41	210,353,459.63	98.63%
2014 CY	206,780,996.55	203,681,938.34	98.50%
2013 CY	202,693,144.49	199,085,603.50	98.22%
2012 CY	198,722,304.21	195,164,844.13	98.21%

CY Calendar Year



**TOWNSHIP OF FRANKLIN**  
**COUNTY OF SOMERSET, NEW JERSEY**

**STATISTICAL DATA**

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens at year-end, in relation to the tax levies of the last five years.

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2017 CY	\$ 369,791.18	\$ 3,074,922.22	\$ 3,444,713.40	1.54%
2016 CY	176,588.82	2,859,729.15	3,036,317.97	1.38%
2015 CY	225,144.90	3,432,526.85	3,657,671.75	1.72%
2014 CY	156,977.35	2,940,824.57	3,097,801.92	1.50%
2013 CY	218,996.20	3,166,687.55	3,385,683.75	1.67%
2012 CY	260,396.84	2,614,207.43	2,874,604.27	1.45%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

<u>YEAR</u>	<u>AMOUNT</u>
2017 CY	\$ 329,973.00
2016 CY	329,973.00
2015 CY	329,973.00
2014 CY	329,973.00
2013 CY	329,973.00

**COMPARISON OF WATER UTILITY RENT LEVIES**

<u>YEAR</u>	<u>NET LEVY</u>	<u>COLLECTIONS</u>	<u>COLLECTION PERCENTAGE OF NET RENT LEVY</u>
2017 CY	\$ 11,535,861.18	\$ 11,673,022.16	101.19%
2016 CY	12,086,514.66	12,123,928.04	100.31%
2015 CY	12,631,436.78	12,404,399.51	98.20%
2014 CY	11,653,376.13	11,538,724.94	99.02%
2013 CY	10,015,547.81	9,853,305.35	98.38%
2012 CY	8,931,355.88	8,569,917.97	95.95%

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF SOMERSET, NEW JERSEY**

**STATISTICAL DATA**

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>YEAR</u>		<u>BALANCE DEC 31</u>		<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
CURRENT FUND	2017 CY	\$	26,152,491.81	\$	7,281,686.00
	2016 CY		25,116,865.61		6,234,270.00
	2015 CY		23,464,094.20		6,381,494.00
	2014 CY		18,107,752.02		4,922,430.05
	2013 CY		18,060,339.94		5,839,320.49
WATER UTILITY OPERATING FUND	2017 CY	\$	8,813,060.08	\$	1,000,000.00
	2016 CY		8,476,208.61		-
	2015 CY		6,878,435.27		-
	2014 CY		3,827,058.25		-
	2013 CY		2,126,038.95		1,803,455.00
	2012 CY		2,280,102.44		2,200,000.00

**TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY**

**- - -**

**PART II**

**OFFICIALS IN OFFICE AND SURETY BONDS  
COMMENTS AND RECOMMENDATIONS**

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

TOWNSHIP OF FRANKLIN  
OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Phillip Kramer	Mayor	
Carl R. A. Wright	Deputy Mayor	
Rajiv Prasad	Councilman	
Kimberly Francois	Councilwoman	
Shanel Robinson	Councilwoman	
Charles Onyejiaka	Councilman	
Rozalyn Sherman	Councilwoman	
James Vassanella	Councilman	
Theodore Chase	Councilman	
Robert Vornlocker	Township Manager	
Kathleen Moody	CFO/Treasurer	\$ 1,000,000.00
Carol Langone	Collector of Revenue - Tax Collector, Tax Search Officer	\$ 1,000,000.00
Ann Marie McCarthy	Township Clerk	
Richard Carabelli	Tax Assessor	
Lucinda Belanger	Purchasing Officer/General Services	
Raquel Edwards	Municipal Magistrate	\$ 1,000,000.00
Keila Martinez	Court Clerk/Administrator	\$ 1,000,000.00
Lou Rainone	Township Attorney	
Msiba Holliman	Registrar of Vital Statistics	
Diane Leach-Thompson	Director of Social Services	
Alice Osipowitz	Director of Parks and Recreation	
Vincent Dominach	Economic Development and Business Advocate	
Mark Healey	Director of Planning	
John Hauss	Director of Fire Prevention	
Lawrence Roberts	Chief of Police	
Vincent Lupo	Construction Official	
Thomas Zilinek	Township Engineer	
Carl Hauck	Public Works Manager	

All other employees, including Municipal Court employees, are covered under a blanket bond in the amount of \$1,000,000.00 issued by Central Jersey Joint Insurance Fund.

All surety bonds were examined and found to be properly executed for items tested.

TOWNSHIP OF FRANKLIN  
COUNTY OF SOMERSET, STATE OF NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2017

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of Franklin, County of Somerset, State of New Jersey, for the year ended December 31, 2017, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Franklin, County of Somerset, State of New Jersey.

The audit did not and could not determine the character of service rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Township of Franklin, County of Somerset, New Jersey as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial state reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need to be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in a review of the Township's internal control and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 28, 2018 on the financial statements of the Township of Franklin. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Internal Control Comments:

##### Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Tax Collector's Office, Code Enforcement, Fire Prevention, Engineering, Planning, Board of Adjustment, Recreation, Animal Shelter, Board of Health/Housing/Vital Statistics, Public Works/Mini-Dump, Clerk, Police, Special Projects Manager and Municipal Court.

In some respects, this condition is the result of multiple tasks performed by individuals, along with the staffing levels of the respective office.

#### OTHER MATTERS

##### Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A: 11-4

N.J.S.A. 40A: 11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included with the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by the contract or agreement."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year. The bid threshold is \$40,000 when the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A: 11-9). Where question arises as to whether any contract of agreement might result in violation of the statute, Township Counsel's opinion shall be sought before a commitment is made.

The bidding threshold is \$40,000, since the Township has a qualified purchasing agent.

### State Contracts

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

Examination of expenditures revealed no individual payments in excess of \$25,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertising or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-4.

The minutes indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A: 11-5.

The minutes also indicated the awarding of "open-end contracts" pursuant to N.J.A.C. 5:34-4.9.

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 would be in the province of the municipal solicitor.

### Collection of Interest on Delinquent Taxes and Assessments

The Statute provides the method of authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on May 28, 1970 and amended on February 28, 1980 and February 11, 1982, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments.

WHEREAS, R.S. 54:4-67 has been amended to permit the governing body to fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent and may provide that no interest shall be charged if payment of any installment is made within (10) days after the date upon which the same is payable;

NOW, THEREFORE, BE IT RESOLVED that the Township Council does hereby fix the rate of interest at eight percent (8%) per annum on the first One Thousand Five Hundred Dollars (\$1,500) and at eighteen percent (18%) per annum on any amount in excess of One Thousand Five Hundred (\$1,500) from the date when any tax installment shall be payable and delinquent until the said installment together with interest is paid provided, however, that if any installments shall be paid within ten (10) days after the date payable, in the event there shall be no interest charged.

The governing body, on May 16, 1991, adopted the following resolution authorizing a penalty to be charged on delinquent taxes.

### Collection of Interest on Delinquent Taxes and Assessments

WHEREAS, Assembly Bill 4425 (1991) signed into law as of March 29, 1991 amends N.J.S.A. 54:4-67 by addition as follows:

"A 6% penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year."

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Franklin, Somerset County, State of New Jersey that interest charges by the Township of Franklin on delinquent taxes shall reflect the addition to N.J.S.A. 54:4-67 as stated above.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution, for items tested.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 1, 2017. Properties that were in bankruptcy proceedings or payable on an installment basis were excluded from the sale.

The following comparison is made of the number of tax title liens receivable for the last three years:

<u>Year</u>	<u>Number of Liens</u>
CY 2017	9
CY 2016	9
CY 2015	9

Interfund Balances

The interfund balances reported are mainly the result of year-end adjustments and journal entries. These balances are not an indication of each respective fund being unable to meet its obligations.

Purchase Order and Encumbrance System

The Township utilized a purchase order system for most of its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Operation of the encumbrance system appeared to be functioning with timely entries made. Some minor payments through the use of confirming orders were noted. Compliance to certification of availability of funds was reviewed and found to be good for items tested. There should be a review of the system capabilities for the recording of multi-year contracts.

Payment of Claims

Payment of claims were examined on a test basis for the year under review without exceptions noted for payment approvals, receiving signatures and purchase approvals.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bonds coverage's in effect at December 31, 2017. The minimum surety bond requirements for both the Tax Collector and Municipal Court were met for year 2017.

During July 1998, the Local Finance Board completed a re-adoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest that the Township review regulations and determine their applicability.



#### Condition of Records – Other Officials’ Collecting Fees

Our review of the records maintained for other officials collecting fees were designed to determine that minimum levels of internal control and accountability were met, that cash receipts were deposited or turned over to the Treasurer’s accounts within a 48 hour period as required by N.J.S.A. 40A: 5-15, and the fees charges were in accordance with the provisions of the Township Code.

#### Condition of Records – Collector of Revenues

The records maintained by the Collector of Revenues were reviewed. Computerized cash receipt records were agreed to manual controls daily and in total monthly with no exception noted for items tested. No exceptions were noted for the testing of computerized real estate tax billings and billing adjustments for real estate taxes.

#### Condition of Records – Finance Office

The records of the Finance Office were reviewed. The Finance Office maintains a general ledger for all funds that is suitable to be utilized as the basis for the preparation of financial statements.

#### Administration and Accounting of State & Federal Grants

During CY 2017, the Township operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Township is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad of compliance and reporting requirements for grant awards, the Township should continue to develop sound administrative functions over grant programs.

The acceptance of grant fund also places additional requirements upon the Township with respect to the Township’s system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Township’s internal controls are required to include systems and policies and procedures designed to ensure compliance with the many requirements. In addition, we suggest the Township review all of the applicable grant requirements and the Township’s system of internal controls in order to ensure the Township’s internal controls are functioning at the requisite levels to meet with the various compliance requirements.

#### **Comment**

The Grant Fund includes grants receivable and appropriated grants dating back to 1998. The collection of these receivables and completion of other appropriated projects may be questionable.

#### **Recommendation**

All grant receivables and appropriated grants dating back prior to 2015 should be reviewed for their collectability and possible completion of projects. Appropriate action should be taken after this review is completed. It is to our understanding the Chief Financial Officer has started this review and management will meet on a regular biannual basis to review all grants. This is scheduled to occur this year after issuance of the audit report.

#### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

**Miscellaneous**

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

**RECOMMENDATIONS**

All grant receivables and appropriated grants should be reviewed for their collectability and possible completion of projects. Appropriate action should be taken after this review is completed.

\* \* \* \* \*

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 28, 2018

*David J. Gannon*

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