

**SOMERSET COUNTY, NEW JERSEY**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2018 AND 2017**

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

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying basic financial statements-regulatory basis of the Township of Franklin, ("Township"), County of Somerset, State of New Jersey, which comprise the comparative balance sheets-regulatory basis of the various funds and account group, as of December 31, 2018, the related comparative statements of operations and changes in fund balances-regulatory basis and the related notes to the financial statements for the year then ended and the statements of fund balance-regulatory basis, the statements of revenues-regulatory basis and the statements of expenditures-regulatory basis of the various funds for the year ended December 31, 2018, which collectively comprise the Township's basic financial statements as listed in the financial statements section of the accompanying 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 ("Division"), as described in Note 1. 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Division. Those standards and the requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

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 the Township as of December 31, 2018 or the results of its operations and changes in fund balances for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects the comparative balance sheets-regulatory basis of the various funds and account group of the Township as of December 31, 2018, and the results of its operations and changes in fund balances of such funds – regulatory basis for the year then ended, and the revenues - regulatory basis and expenditures – regulatory basis of the various funds for the year then ended in accordance with the financial reporting provisions of the Division as described in Note 1.

### **Prior Period Financial Statements**

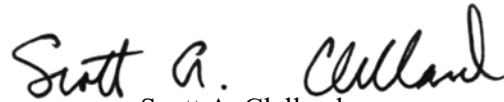
The regulatory basis financial statements of the Township of Franklin as of December 31, 2017, were audited by other auditors whose report dated June 28, 2018, expressed a disclaimer opinion on those regulatory basis financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited regulatory basis financial statements from which it was derived.

### **Report on Supplementary Information as Required by the Division in Accordance with the Regulatory Basis of Accounting**

Our audit was conducted for the purpose of forming an opinion on the financial statements. The supplementary information, identified in the table of contents as Schedules A-4 through E-5 and the comments section are presented for purposes of additional analysis as required by the Division and are not a required part of the 2018 regulatory basis financial statements of the Township. Schedules A-4 through E-5 and the comments section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 August 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Scott A. Clelland

Registered Municipal Accountant  
No. 455



WISS & COMPANY, LLP

Livingston, New Jersey  
August 23, 2019



**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statements of the Township of Franklin (“Township”), County of Middlesex, New Jersey as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2019, 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.

**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 opinion 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 Township’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland  
Registered Municipal Accountant  
No. 455



WISS & COMPANY, LLP

Livingston, New Jersey  
August 23, 2019

TOWNSHIP OF FRANKLIN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

A  
Sheet # 1

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
<u>ASSETS</u>			
Current Fund:			
Cash - Treasurer	A-4	\$ 37,030,278.05	\$ 51,781,229.32
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>6,040.40</u>	<u>6,750.00</u>
		<u>37,037,573.45</u>	<u>51,789,234.32</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	3,192,798.43	3,074,922.22
Tax Title Liens Receivable	A-7	358,678.87	369,791.18
Property Acquired for Taxes at Assessed Valuation	A	329,973.00	329,973.00
Revenue Accounts Receivable	A-8	36,890.94	49,760.68
Interfunds Receivable Grant Fund	A-12	6,699.90	5,328.09
Interfunds Receivable Trust Other Fund	A-12	294,601.81	182,631.57
Interfunds Receivable Payroll Agency	A-12	58,824.57	115,946.79
Interfunds Receivable Recreation Fund	A-12	11,834.04	3,696.16
Interfunds Receivable Self Insurance Fund	A-12	11,890.23	3,181.20
Interfunds Receivable Animal Control Fund	A-12	29,660.80	-
Interfunds Receivable General Capital Fund	A-12	<u>1,818,752.78</u>	<u>-</u>
	A	<u>6,150,605.37</u>	<u>4,135,230.89</u>
Total Current Fund		<u>43,188,178.82</u>	<u>55,924,465.21</u>
Grant Fund:			
Cash - Treasurer	A-4	1,754,884.88	1,457,714.47
State and Federal Grants Receivable	A-14	<u>3,042,963.21</u>	<u>3,383,244.79</u>
Total Grant Fund		<u>4,797,848.09</u>	<u>4,840,959.26</u>
		<u>\$ 47,986,026.91</u>	<u>\$ 60,765,424.47</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

A  
Sheet # 2

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 2,547,902.82	\$ 2,572,992.85
Reserve for Encumbrances	A-3, A-13	1,553,561.39	1,231,900.58
Various Accounts Payable and Reserves	A-9	5,473,035.67	4,738,642.74
Property Tax Overpayments	A-10	21,996.43	25,841.17
Prepaid Taxes	A-7	2,267,426.02	11,327,618.07
Interfunds Payable:			
General Capital Fund	A-12		5,724,905.10
Open Space Trust Fund	A-12	14,804.00	14,842.00
		<u>11,878,726.33</u>	<u>25,636,742.51</u>
Reserve for Receivables	Reserve	6,150,605.37	4,135,230.89
Fund Balance	A- 1	25,158,847.12	26,152,491.81
		<u>31,309,452.49</u>	<u>30,287,722.70</u>
Total Current Fund		<u>43,188,178.82</u>	<u>55,924,465.21</u>
Grant Fund:			
Interfunds Payable Current Fund	A-16	6,699.90	5,328.09
Interfunds Payable General Capital Fund	A-16	468,500.00	
Reserve for Encumbrances	A-15	215,899.76	253,518.61
Reserve for State and Federal Grants:			
Appropriated	A-15	4,106,748.43	4,582,112.56
Total Grant Fund		<u>4,797,848.09</u>	<u>4,840,959.26</u>
		<u>\$ 47,986,026.91</u>	<u>\$ 60,765,424.47</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Revenues and Other Income Realized</u>			
Fund Balance - Appropriated	A-2	\$ 7,271,686.00	\$ 6,234,270.00
Miscellaneous Revenue Anticipated	A-2	14,168,447.64	13,778,657.29
Receipts from Delinquent Taxes	A-2	2,801,934.53	2,509,352.46
Receipts from Current Taxes	A-2	227,182,798.99	220,148,136.08
Miscellaneous Revenue Not Anticipated	A-2	843,347.18	1,277,281.21
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	1,714,979.22	1,912,286.93
Interfund Loans Returned (Net)			421,971.12
		<hr/>	<hr/>
Total Revenues and Other Income		253,983,193.56	246,281,955.09
		<hr/>	<hr/>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	22,824,360.00	21,900,665.00
Other Expenses	A-3	20,624,211.00	20,151,055.00
Public and Private Programs	A-3	505,908.13	752,565.05
Deferred Charges and Statutory Expenditures	A-3	5,729,749.00	5,712,749.00
Capital Improvements	A-3	2,726,987.00	1,580,628.00
Municipal Debt Service	A-3	3,894,251.54	4,898,638.96
County Taxes	A-11	35,001,914.05	33,198,170.90
Local District School Taxes	A-11	142,956,862.00	139,288,627.00
Fire Districts Taxes	A-11	6,930,292.00	6,756,571.00
Municipal Open Space	A-11	4,903,596.00	4,755,802.00
Prior Year Sr. Citizens/Veterans Deductions Disallowed	A-6	26,400.00	16,586.98
Interfund Loans Advanced (Net)	A-12	1,580,621.53	
		<hr/>	<hr/>
Total Expenditures		247,705,152.25	239,012,058.89
		<hr/>	<hr/>
Excess in Revenues/Statutory Excess to Fund Balance	A-1	6,278,041.31	7,269,896.20
<u>FUND BALANCE</u>			
Balance, December 31,	A	26,152,491.81	25,116,865.61
		<hr/>	<hr/>
		32,430,533.12	32,386,761.81
Decreased by:			
Utilized as Anticipated Revenue	A-1	7,271,686.00	6,234,270.00
		<hr/>	<hr/>
Balance, December 31,	A	\$ 25,158,847.12	\$ 26,152,491.81
		<hr/> <hr/>	<hr/> <hr/>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-2  
Sheet # 1

<u>Ref.</u>	<u>Anticipated Budget</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Total Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1     \$ 7,271,686.00		\$ 7,271,686.00	\$ 7,271,686.00	
Total Surplus Anticipated	<u>7,271,686.00</u>		<u>7,271,686.00</u>	<u>7,271,686.00</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	80,000.00		80,000.00	127,831.80	\$ 47,831.80
Other	200,000.00		200,000.00	201,239.00	1,239.00
Fees and Permits	650,000.00		650,000.00	709,142.57	59,142.57
Fines and Costs:					
Municipal Court	425,000.00		425,000.00	368,289.80	(56,710.20)
Interest and Costs on Taxes	800,000.00		800,000.00	751,081.89	(48,918.11)
Interest on Investments and Deposits	150,000.00		150,000.00	379,328.44	229,328.44
Fire Prevention Fees	600,000.00		600,000.00	649,338.36	49,338.36
Cable Franchise Fees	240,000.00		240,000.00	301,446.61	61,446.61
Subtotal - Local Revenues	<u>3,145,000.00</u>		<u>3,145,000.00</u>	<u>3,487,698.47</u>	<u>342,698.47</u>
Energy Receipts Tax	4,585,178.00		4,585,178.00	4,585,178.00	
Garden State Trust Payments	70,219.00		70,219.00	70,219.00	
Subtotal - State Aid Revenues	<u>4,655,397.00</u>		<u>4,655,397.00</u>	<u>4,655,397.00</u>	
Dedicated Uniform Construction Code Fees:					
Uniform Construction Code Fees	2,000,000.00		2,000,000.00	2,151,835.60	151,835.60
Subtotal - Uniform Construction Code Revenues	<u>2,000,000.00</u>		<u>2,000,000.00</u>	<u>2,151,835.60</u>	<u>151,835.60</u>
Interlocal:					
Franklin Township Board of Education -					
Maintenance of School Equipment	119,000.00		119,000.00	262,471.99	143,471.99
School Police Officers	335,000.00		335,000.00	335,802.36	802.36
Subtotal - Interlocal Revenues	<u>454,000.00</u>		<u>454,000.00</u>	<u>598,274.35</u>	<u>144,274.35</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-2  
Sheet # 2

<u>Ref.</u>	<u>Anticipated Budget</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Total Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Public and Private Revenues Off-Set with Appropriations:					
Municipal Alliance on Alcoholism and Drug Abuse		\$ 42,483.25	\$ 42,483.25	\$ 42,483.25	
NJ DEP Recycling Tonnage Grant	\$ 31,509.00		31,509.00	31,509.00	
Summer Food Service Program		9,987.38	9,987.38	9,987.38	
CDBG - 2018		255,415.00	255,415.00	255,415.00	
NJDEP - Clean Communities Grant		122,513.50	122,513.50	122,513.50	
Somerset Youth Services Commission - Annual Grant		5,000.00	5,000.00	5,000.00	
EMMA Grant		10,000.00	10,000.00	10,000.00	
Investors Foundation		5,000.00	5,000.00	5,000.00	
Subtotal - Public and Private Revenues	31,509.00	450,399.13	481,908.13	481,908.13	
Other Special Items Offset With Appropriations:					
Township Hotel Tax Revenue	1,380,000.00		1,380,000.00	1,377,786.82	\$ (2,213.18)
Franklin Sewerage Authority	650,000.00		650,000.00	650,000.00	
N.J. State PBA Officer	130,000.00		130,000.00	132,834.62	2,834.62
Franklin Fire Districts	7,000.00		7,000.00	11,506.99	4,506.99
Franklin Fire Districts	189,549.00		189,549.00	151,733.58	(37,815.42)
PILOT Payments	350,000.00		350,000.00	375,523.65	25,523.65
Cell Tower Rental Fees	86,000.00		86,000.00	93,948.43	7,948.43
Subtotal - Other Special Item Revenues	2,792,549.00		2,792,549.00	2,793,334.09	785.09
Total Miscellaneous Revenues	A-1 13,078,455.00	450,399.13	13,528,854.13	14,168,447.64	639,593.51
Receipts from Delinquent Taxes	A-1, A-7 2,000,000.00		2,000,000.00	2,801,934.53	801,934.53
Subtotal General Revenues	22,350,141.00	450,399.13	22,800,540.13	24,242,068.17	1,441,528.04

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-2  
Sheet # 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Total Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes						
Including Reserve for Uncollected Taxes		\$ 35,136,502.00		\$ 35,136,502.00	\$ 39,021,709.94	\$ 3,885,207.94
Minimum Library Tax		<u>3,368,425.00</u>		<u>3,368,425.00</u>	<u>3,368,425.00</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>38,504,927.00</u>		<u>38,504,927.00</u>	<u>42,390,134.94</u>	<u>3,885,207.94</u>
Total General Revenues		60,855,068.00	\$ 450,399.13	61,305,467.13	66,632,203.11	5,326,735.98
Non-Budget Revenues	A-1, Below	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>843,347.18</u>	<u>843,347.18</u>
		<u>\$ 60,855,068.00</u>	<u>\$ 450,399.13</u>	<u>61,305,467.13</u>	<u>\$ 67,475,550.29</u>	<u>\$ 6,170,083.16</u>
	<u>Ref.</u>	A-3	A-3	A-3	Below	
<u>Current Taxes Realized:</u>						
Sr. Citizens & Vets	A-6				\$ 320,998.62	
Cash Receipts	A-7				215,534,182.30	
Prepaid Taxes - Prior Year	A-7				<u>11,327,618.07</u>	
Subtotal	A-1				227,182,798.99	
Res. For Uncoll. Tax	A-3				<u>5,000,000.00</u>	
Subtotal					232,182,798.99	
Allocated to School						
County and Fire Districts	A-11				(184,889,068.05)	
Municipal Library	A-2, A-3				(3,368,425.00)	
Municipal Open Space	A-11				<u>(4,903,596.00)</u>	
	Above				<u>\$ 39,021,709.94</u>	
Miscellaneous Revenues:						
Grants Realized	A-8				\$ 481,908.13	
Miscellaneous Revenues	A-8				<u>13,686,539.51</u>	
	A-1				<u>\$ 14,168,447.64</u>	
Miscellaneous Revenues Not Anticipated:						
Cash Receipts	A-1, A-4				<u>\$ 843,347.18</u>	



TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <u>Budget</u>	Budget After <u>Modification</u>	Expended			Unexpended Balance <u>Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 414,685.00	\$ 407,385.00	\$ 403,331.89		\$ 4,053.11	
Other Expenses	371,390.00	371,390.00	150,236.67	\$ 22,804.75	198,348.58	
Human Resources (Personnel)						
Salaries and Wages	117,120.00	100,120.00	98,798.23		1,321.77	
Other Expenses	122,631.00	122,631.00	98,393.35	11,733.45	12,504.20	
Mayor and Council						
Salaries and Wages	73,356.00	73,406.00	73,121.19		284.81	
Other Expenses	20,399.00	20,399.00	9,617.49	505.56	10,275.95	
Municipal Clerk						
Salaries and Wages	225,209.00	227,209.00	224,857.10		2,351.90	
Other Expenses	69,585.00	69,585.00	44,349.79	13,341.40	11,893.81	
Finance Administration						
Salaries and Wages	57,308.00	62,308.00	58,808.98		3,499.02	
Other Expenses	324,316.00	324,316.00	232,528.33	86,604.66	5,183.01	
Audit Services						
Other Expenses	40,850.00	40,850.00	950.00		39,900.00	
Computerized Data Processing						
Salaries and Wages	170,175.00	172,175.00	166,727.87		5,447.13	
Other Expenses	188,760.00	188,760.00	112,706.55	39,530.20	36,523.25	
Revenue Administration (Tax Collection)						
Salaries and Wages	118,302.00	111,302.00	108,502.41		2,799.59	
Other Expenses	11,635.00	18,635.00	10,962.62	7,127.50	544.88	
Tax Assessment Administration						
Salaries and Wages	328,620.00	330,420.00	329,120.19		1,299.81	
Other Expenses	113,992.00	113,992.00	15,030.05	90,218.98	8,742.97	
Legal Services (Legal Dept.)						
Other Expenses	565,000.00	565,000.00	342,321.25	367.00	222,311.75	
Prosecutor						
Other Expenses	74,000.00	74,000.00	67,121.89	5,499.99	1,378.12	
Municipal Court						
Salaries and Wages	359,295.00	372,295.00	361,391.12		10,903.88	
Other Expenses	25,850.00	25,850.00	14,314.95	3,296.61	8,238.44	
Public Defender						
Other Expenses	18,000.00	18,000.00	18,000.00			
Engineering						
Salaries and Wages	393,730.00	366,230.00	325,565.77		40,664.23	
Other Expenses	12,795.00	12,795.00	5,529.96		7,265.04	
Economic Development Agencies						
Other Expenses	135,675.00	135,675.00	33,474.50	35,000.00	67,200.50	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <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>	
Planning Board						
Salaries and Wages	\$ 256,133.00	\$ 233,133.00	\$ 213,026.16		\$ 20,106.84	
Other Expenses	85,800.00	85,800.00	30,029.62	\$ 42,488.82	13,281.56	
Public Works - General						
Salaries and Wages	1,870,784.00	1,650,784.00	1,629,713.29		21,070.71	
Streets and Roads Maintenance						
Salaries and Wages	110,000.00	110,000.00	110,000.00			
Other Expenses	553,325.00	553,325.00	428,132.55	109,771.04	15,421.41	
Public Works - Recycling						
Other Expenses	648,300.00	760,300.00	585,549.33	159,905.61	14,845.06	
Shade Tree Commission						
Other Expenses	250.00	250.00		195.00	55.00	
Public Works - Building and Grounds						
Other Expenses	256,825.00	256,825.00	161,111.26	87,306.49	8,407.25	
Public Works - Vehicle Maintenance						
Other Expenses	220,000.00	220,000.00	150,812.07	53,026.03	16,161.90	
Community Services Act (Condo Community)						
Other Expenses	170,000.00	170,000.00	74,499.03	6,259.09	89,241.88	
Animal Control Services						
Salaries and Wages	133,354.00	124,354.00	113,027.04		11,326.96	
Other Expenses	30,840.00	30,840.00	14,657.27	8,079.72	8,103.01	
Police						
Salaries and Wages	14,178,650.00	14,746,951.00	14,412,381.97		334,569.03	
Other Expenses	616,170.00	626,617.00	496,311.77	91,572.02	38,733.21	
Department of Recreation, Community Celebrations and Park Administration						
Division of Recreation and Park Administration						
Salaries and Wages	495,748.00	424,698.00	417,882.46		6,815.54	
Other Expenses	52,392.00	52,392.00	32,500.62	6,974.19	12,917.19	
Community Resources						
Salaries and Wages	229,016.00	233,016.00	227,946.60		5,069.40	
Other Expenses	16,144.00	16,144.00	11,537.44	1,703.51	2,903.05	
Fire Prevention						
Salaries and Wages	728,884.00	632,384.00	625,312.31		7,071.69	
Other Expenses	20,915.00	20,915.00	6,868.99	642.00	13,404.01	
Emergency Management						
Salaries and Wages	13,584.00	14,336.00	14,241.32		94.68	
Other Expenses	5,250.00	5,250.00		1,045.80	4,204.20	
State Aid Payments to Fire Districts						
Other Expenses	16,774.00	16,774.00	16,774.00			
Community Activities						
Aid to Fire Services						
Other Expenses	30,000.00	30,000.00	30,000.00			

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <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>	
Aid to Rescue Squads						
Other Expenses	\$ 65,000.00	\$ 65,000.00	\$ 65,000.00			
Tax Appeals						
Other Expenses	500,000.00	500,000.00	500,000.00			
Tax Title Lien and Foreclosure						
Other Expenses	50,000.00	50,000.00	39,811.00	\$ 3,916.00	\$ 6,273.00	
Environmental Commission						
Other Expenses	1,200.00	1,200.00	489.00		711.00	
Historical Commission						
Other Expenses	2,899.00	2,899.00		360.00	2,539.00	
Liability Insurance						
Other Expenses	1,108,161.00	1,108,661.00	1,066,963.94	41,697.06		
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	150,000.00	63,338.84		86,661.16	
Other Expenses	7,031,511.00	7,031,011.00	7,021,334.94	916.49	8,759.57	
 <u>UNIFORM CONSTRUCTION CODE -</u>						
<u>APPROPRIATIONS OFFSET BY DEDICATED</u>						
<u>REVENUES (NJAC 5:23-4.17)</u>						
Code Enforcement						
Salaries and Wages	1,143,464.00	1,021,464.00	979,934.27		41,529.73	
Other Expenses	350,900.00	238,900.00	51,683.29	8,554.24	178,662.47	
 <u>UNCLASSIFIED:</u>						
Salary Adjustment	100,000.00	86,000.00			86,000.00	
Franklin Township Board of Education - Transp.						
Other Expenses	157,417.00	157,417.00	147,982.61	4,058.71	5,375.68	
Franklin Township Board of Education - Officers						
Salaries and Wages	20,390.00	15,390.00	15,390.00			
Utilities:						
Gasoline	350,000.00	350,000.00	185,881.22	64,118.05	100,000.73	
Telephone	200,000.00	220,000.00	183,205.61	22,993.43	13,800.96	
Electricity/Heat	500,000.00	500,000.00	412,993.20	59,446.38	27,560.42	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <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>	
Street Lighting	\$ 1,320,000.00	\$ 1,300,000.00	\$ 865,815.52	\$ 107,059.47	\$ 327,125.01	
Other:						
Future Sick and Vacation Payments	<u>700,000.00</u>	<u>700,000.00</u>	<u>700,000.00</u>			
Total Operations Within "CAPS"	<u>38,892,758.00</u>	<u>38,887,758.00</u>	<u>35,457,900.69</u>	<u>1,198,119.25</u>	<u>2,231,738.06</u>	
Contingent	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>-</u>	<u>2,000.00</u>	
Total Operations Including Contingent Within "CAPS"	<u>38,894,758.00</u>	<u>38,889,758.00</u>	<u>35,457,900.69</u>	<u>1,198,119.25</u>	<u>2,233,738.06</u>	
DETAIL:						
Salaries and Wages	22,387,807.00	22,365,360.00	21,672,419.01	-	692,940.99	
Other Expenses (Including Contingent)	16,506,951.00	16,524,398.00	13,785,481.68	1,198,119.25	1,540,797.07	
Deferred Charges and Statutory Expenditures - <u>Municipal Within "CAPS"</u>						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	1,031,390.00	1,031,390.00	1,031,239.63		150.37	
Social Security System (O.A.S.I.)	1,565,042.00	1,565,042.00	1,565,042.00			
Defined Contribution Retirement Program	3,000.00	3,000.00	3,000.00			
Police and Firemen's Retirement System of N.J.	<u>3,130,317.00</u>	<u>3,130,317.00</u>	<u>3,130,317.00</u>			
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	<u>5,729,749.00</u>	<u>5,729,749.00</u>	<u>5,729,598.63</u>	<u>-</u>	<u>150.37</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>44,624,507.00</u>	<u>44,619,507.00</u>	<u>41,187,499.32</u>	<u>1,198,119.25</u>	<u>2,233,888.43</u>	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	<u>3,368,425.00</u>	<u>3,368,425.00</u>	<u>3,368,425.00</u>			
Total Other Operations - Excluded from "CAPS"	<u>3,368,425.00</u>	<u>3,368,425.00</u>	<u>3,368,425.00</u>			

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <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>	
Interlocal Municipal Service Agreements:						
Franklin Township Board Of Education- Transportation						
Salaries and Wages	\$ 119,000.00	\$ 124,000.00	\$ 120,323.32		\$ 3,676.68	
Franklin Township Board Of Education- Police						
Salaries and Wages	335,000.00	335,000.00	320,562.16		14,437.84	
Senior Transportation						
Other Expenses	76,861.00	76,861.00	64,050.80	\$ 12,810.20		
Somerset County - Board of Health Services						
Other Expenses	654,527.00	654,527.00	654,527.00			
Total Interlocal Municipal Service Agreements - Excluded from "CAPS"	<u>1,185,388.00</u>	<u>1,190,388.00</u>	<u>1,159,463.28</u>	<u>12,810.20</u>	<u>18,114.52</u>	
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<u>OFFSET BY REVENUES:</u>						
Recycling Tonnage Grant	31,509.00	31,509.00	31,509.00			
CDBG Grant		255,415.00	255,415.00			
NJDEP - Clean Communities Grant		122,513.50	122,513.50			
Investors Foundation		5,000.00	5,000.00			
Youth Services Annual Grant (Somerset County)		5,000.00	5,000.00			
Summer Lunch Grant		9,987.38	9,987.38			
EMAA Grant		10,000.00	10,000.00			
Municipal Alliance Grant		53,105.06	53,105.06			
Matching Funds	24,000.00	13,378.19			13,378.19	
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	<u>55,509.00</u>	<u>505,908.13</u>	<u>492,529.94</u>	<u>-</u>	<u>13,378.19</u>	
Total Operations - Excluded from "CAPS"	<u>4,609,322.00</u>	<u>5,064,721.13</u>	<u>5,020,418.22</u>	<u>12,810.20</u>	<u>31,492.71</u>	
<b>DETAIL:</b>						
Salaries and Wages	454,000.00	459,000.00	440,885.48	-	18,114.52	
Other Expenses	4,155,322.00	4,605,721.13	4,579,532.74	12,810.20	13,378.19	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 <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>	
<u>Capital Improvements - Excluded from "CAPS"</u>						
Capital Improvement Fund	\$ 2,726,987.00	\$ 2,726,987.00	\$ 2,101,833.38	\$ 342,631.94	\$ 282,521.68	
Total Capital Improvements - Excluded from "CAPS"	<u>2,726,987.00</u>	<u>2,726,987.00</u>	<u>2,101,833.38</u>	<u>342,631.94</u>	<u>282,521.68</u>	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Principal	3,250,000.00	3,250,000.00	3,250,000.00			
Interest on Bonds	545,703.00	545,703.00	545,703.00			
Energy Efficient Lease:						
Principal	69,494.03	69,494.03	69,494.03			
Interest	29,054.97	29,054.97	29,054.51			\$ 0.46
Total Municipal Debt Service - Excluded from "CAPS"	<u>3,894,252.00</u>	<u>3,894,252.00</u>	<u>3,894,251.54</u>			<u>0.46</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget	Budget After Modification	Expended			Unexpended Balance Cancelled
			Paid or Charged	Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 11,230,561.00	\$ 11,685,960.13	\$ 11,016,503.14	\$ 355,442.14	\$ 314,014.39	\$ 0.46
Subtotal General Appropriations	55,855,068.00	56,305,467.13	52,204,002.46	1,553,561.39	2,547,902.82	0.46
Reserve for Uncollected Taxes	5,000,000.00	5,000,000.00	5,000,000.00	-		
Total General Appropriations	<u>\$ 60,855,068.00</u>	<u>\$ 61,305,467.13</u>	<u>\$ 57,204,002.46</u>	<u>\$ 1,553,561.39</u>	<u>\$ 2,547,902.82</u>	<u>\$ 0.46</u>
<u>Ref.</u>	Below	Below	Below	A	A	A-1
Adopted Budget	<u>Ref.</u>					
Approp. by N.J.S.A. 40A:4-87	A-2	\$ 60,855,068.00				
	A-2, A-14	<u>450,399.13</u>				
	Above	<u>\$ 61,305,467.13</u>				
Cash Disbursed	A-4		\$ 51,711,472.52			
Reserve for Uncollected Taxes	A-2, Above		5,000,000.00			
Res. for State and Fed. Grants Approp.	A-15		<u>492,529.94</u>			
	Above		<u>\$ 57,204,002.46</u>			

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

		<u>BALANCE</u>	<u>BALANCE</u>			<u>BALANCE</u>	<u>BALANCE</u>
	<u>Ref.</u>	<u>DEC. 31, 2018</u>	<u>DEC. 31, 2017</u>		<u>Ref.</u>	<u>DEC. 31, 2018</u>	<u>DEC. 31, 2017</u>
<u>ASSETS</u>				<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Trust Assessment Fund:				Trust Assessment Fund:			
Cash and Investments - Treasurer	B-2	\$ 788,663.92	\$ 782,007.21	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>788,663.92</u>	<u>782,007.21</u>
Total Trust Assessment Fund		<u>910,830.77</u>	<u>904,174.06</u>	Total Trust Assessment Fund		<u>910,830.77</u>	<u>904,174.06</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-6	<u>304,999.14</u>	<u>270,487.62</u>	Due to State of New Jersey	B-6	905.40	602.40
				Due to Current Fund	B-6	29,660.80	
				Reserve for Encumbrances	B-6	3,210.00	3,210.00
				Reserve for Animal Control			
Total Animal Control Fund		<u>304,999.14</u>	<u>270,487.62</u>	Fund Expenditures	B-5	<u>271,222.94</u>	<u>266,675.22</u>
				Total Animal Control Fund		<u>304,999.14</u>	<u>270,487.62</u>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-6	<u>13,820,005.70</u>	<u>14,552,145.18</u>	Due to Current Fund	B-6	294,601.81	182,631.57
				Reserve for Encumbrances	B-8	47,119.48	77,644.53
Total Trust-Other Fund		<u>13,820,005.70</u>	<u>14,552,145.18</u>	Escrow Fund Deposits and Reserves	B-8	<u>13,478,284.41</u>	<u>14,291,869.08</u>
				Total Trust-Other Fund		<u>13,820,005.70</u>	<u>14,552,145.18</u>
Unemployment Insurance Trust Fund:				Unemployment Insurance Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>1,197,201.08</u>	<u>1,236,442.22</u>	Reserve to Pay Unemployment Benefits	B-6	<u>1,197,201.08</u>	<u>1,236,442.22</u>
Total Unemployment Insurance Trust Fund		<u>1,197,201.08</u>	<u>1,236,442.22</u>	Total Unemployment Insurance Trust Fund		<u>1,197,201.08</u>	<u>1,236,442.22</u>
Self-Insurance Trust Fund:				Self-Insurance Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>1,134,438.46</u>	<u>1,051,299.55</u>	Reserve for Other Insurance	B-6	670.57	670.57
				Reserve to Pay Insurance Claims	B-6	421,599.62	347,169.74
				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	99,753.77
Total Self-Insurance Trust Fund		<u>1,134,438.46</u>	<u>1,051,299.55</u>	Due to Current Fund	B-6	<u>11,890.23</u>	<u>3,181.20</u>
				Total Self-Insurance Trust Fund		<u>1,134,438.46</u>	<u>1,051,299.55</u>



TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Open Space Trust Fund:				Open Space Trust Fund:			
Cash and Investments - Treasurer	B- 6	\$ 8,542,213.90	\$ 14,764,774.71	Reserve for Open Space Trust Fund	B-6	\$ 8,638,261.33	\$ 8,493,522.73
Deferred Charges - Funded	B- 6	13,195,000.00	15,140,000.00	Serial Bonds Payable	B-6, B-7	13,195,000.00	15,140,000.00
Due from Current Fund	B- 6	14,804.00	14,842.00	Due to General Capital Fund	B-6		5,954,129.00
Due from General Capital Fund	B- 6	<u>413,208.41</u>	<u>-</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>22,165,226.31</u>	<u>29,919,616.71</u>	Total Open Space Trust Fund		<u>22,165,226.31</u>	<u>29,919,616.71</u>
Workers Compensation Trust Fund:				Workers Compensation Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>963,782.23</u>	<u>790,569.21</u>	Reserve for Workers' Compensation	B-6	<u>963,782.23</u>	<u>790,569.21</u>
Total Workers Compensation Trust Fund		<u>963,782.23</u>	<u>790,569.21</u>	Total Workers Compensation Trust Fund		<u>963,782.23</u>	<u>790,569.21</u>
Recreation Trust Fund:				Recreation Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>889,991.23</u>	<u>932,632.15</u>	Due to Current Fund	B-6	11,834.04	3,696.16
				Reserve for Encumbrances	B-6	69,024.79	69,024.79
Total Recreation Trust Fund		<u>889,991.23</u>	<u>932,632.15</u>	Reserve for Recreation Programs	B-6	<u>809,132.40</u>	<u>859,911.20</u>
Developers' Escrow Trust Fund:				Total Recreation Trust Fund		<u>889,991.23</u>	<u>932,632.15</u>
Cash and Investments - Treasurer	B-6	<u>1,698,685.46</u>	<u>1,580,566.57</u>	Developers' Escrow Trust Fund:			
Total Developers' Escrow Trust Fund		<u>1,698,685.46</u>	<u>1,580,566.57</u>	Reserve for Escrows	B-6	<u>1,698,685.46</u>	<u>1,580,566.57</u>
Historical Preservation Trust Fund:				Total Developers' Escrow Trust Fund		<u>1,698,685.46</u>	<u>1,580,566.57</u>
Cash and Investments - Treasurer	B-6	<u>159,855.74</u>	<u>158,479.16</u>	Historical Preservation Trust Fund:			
Total Historical Preservation Trust Fund		<u>159,855.74</u>	<u>158,479.16</u>	Reserve for Historical Preservation Fund	B-6	<u>159,855.74</u>	<u>158,479.16</u>
				Total Historical Preservation Trust Fund		<u>159,855.74</u>	<u>158,479.16</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCES</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Tax Collector's Trust Fund:				Tax Collector's Trust Fund:			
Cash - Collector	B-6	\$ 3,043,784.35	\$ 4,769,466.77	Tax Sale Account	B-6	\$ 3,176.35	\$ 1,166.77
				Premiums Received at Tax Sale	B-6	3,040,608.00	4,768,300.00
Total Tax Collector's Trust Fund		<u>3,043,784.35</u>	<u>4,769,466.77</u>	Total Tax Collector's Trust Fund		<u>3,043,784.35</u>	<u>4,769,466.77</u>
Payroll and Payroll Agency Fund:				Payroll and Payroll Agency Fund:			
Cash and Investments - Treasurer	B-6	<u>797,949.06</u>	<u>482,277.42</u>	Due to Current Fund	B-6	58,824.57	115,946.79
				Reserve for Payroll and Payroll Deductions	B-6	<u>739,124.49</u>	<u>366,330.63</u>
Total Payroll and Payroll Agency Fund		<u>797,949.06</u>	<u>482,277.42</u>	Total Payroll and Payroll Agency Fund		<u>797,949.06</u>	<u>482,277.42</u>
Affordable Housing Trust Fund:				Affordable Housing Trust Fund:			
Cash and Investments - Treasurer	B-6	<u>4,021,224.85</u>	<u>3,994,593.65</u>	Reserve for Affordable Housing	B-6	<u>4,021,224.85</u>	<u>3,994,593.65</u>
Total Affordable Housing Trust Fund		<u>4,021,224.85</u>	<u>3,994,593.65</u>	Total Affordable Housing Trust Fund		<u>4,021,224.85</u>	<u>3,994,593.65</u>
Police Forfeiture Fund:				Police Forfeiture Fund:			
Cash and Investments - Treasurer	B-6	<u>85,171.36</u>	<u>79,560.70</u>	Reserve for Police Forfeiture	B-6	<u>85,171.36</u>	<u>79,560.70</u>
Total Police Forfeiture Fund		<u>85,171.36</u>	<u>79,560.70</u>	Total Police Forfeiture Fund		<u>85,171.36</u>	<u>79,560.70</u>
Flexible Spending Account:				Flexible Spending Account:			
Cash and Investments - Treasurer	B-6	<u>8,445.05</u>	<u>2,709.25</u>	Reserve for Flexible Spending	B-6	<u>8,445.05</u>	<u>2,709.25</u>
Total Flexible Spending Account		<u>8,445.05</u>	<u>2,709.25</u>	Total Flexible Spending Account		<u>8,445.05</u>	<u>2,709.25</u>
		<u>\$ 51,201,590.79</u>	<u>\$ 61,207,297.64</u>			<u>\$ 51,201,590.79</u>	<u>\$ 61,207,297.64</u>

TOWNSHIP OF FRANKLIN  
TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

B-1

	<u>Ref.</u>	
Balance December 31, 2017	B	\$ 782,007.21
Increased by:		
Funds Collected	B-2	<u>6,656.71</u>
Balance December 31, 2018	B	<u>\$ 788,663.92</u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Cash and Investments - Treasurer	C-2, C-3	\$ 10,331,728.62	\$ 689,807.20
Various Grants and Other Receivables	C-4	59,756.24	59,756.24
Interfunds Receivable	C-7		11,679,034.10
Interfunds Receivable - Grant Fund	C-7	468,500.00	
Deferred Charges to Future Taxation:			
Funded	C-5	19,605,457.23	22,924,951.26
Unfunded	C-6	11,213,829.15	11,704,791.67
		<u>\$ 41,679,271.24</u>	<u>\$ 47,058,340.47</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-9	\$ 18,875,000.00	\$ 22,125,000.00
Energy Lease Payable	C-10	730,457.23	799,951.26
Interfunds Payable - Current Fund	C-8	1,818,752.78	
Interfunds Payable - Open Space Trust Fund	C-8	413,208.41	
Reserve for Encumbrances:			
Improvement Authorizations	C-8	3,917,386.10	2,951,220.94
Improvement Authorizations:			
Funded	C-8	9,426,403.24	8,188,853.29
Unfunded	C-8	5,989,157.50	9,793,576.46
Reserve for:			
Capital Improvement Fund	C-12	50,189.74	50,189.74
Various Reserves	C-11	456,065.16	455,023.32
Fund Balance	C-1	2,651.08	2,694,525.46
		<u>\$ 41,679,271.24</u>	<u>\$ 47,058,340.47</u>
Bonds and Notes Authorized But Not Issued at December 31	C-13	<u>\$ 11,213,829.15</u>	<u>\$ 11,704,791.67</u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 2,694,525.46
Increased by:		
Improvement Authorizations Canceled	C-8	<u>424,543.62</u>
		3,119,069.08
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>3,116,418.00</u>
Balance - December 31, 2018	C	<u><u>\$ 2,651.08</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2018 AND 2017

D

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-6	\$ 12,827,318.75	\$ 11,502,205.10	Liabilities:			
Change Fund	D-7	200.00	200.00	Appropriation Reserves	D-4, D-17	\$ 1,458,798.61	\$ 583,950.15
		<hr/>	<hr/>	Reserve for Encumbrances	D-4, D-17	1,066,893.02	855,743.36
		<hr/>	<hr/>	Accounts Payable	D-20	1,077,124.95	829,598.80
		<u>12,827,518.75</u>	<u>11,502,405.10</u>	Water Rent Overpayments	D-18	93,741.93	85,051.95
Receivables and Inventory With				Prepaid Fire Service Rents	D-19	1,664.58	661.99
Full Reserves:				Interfunds Payable	D-13	237,969.90	295,744.67
Water Rents Receivable	D-10	1,821,957.25	1,752,461.39	Accrued Interest on Bonds			
Water Rent Liens Receivable	D-12	11,639.40	18,629.51	and Loans	D-21	<u>34,072.23</u>	<u>38,594.10</u>
Fire Service Rents Receivable	D-11	474,037.01	469,295.42	Reserve for Receivables and Inventory	Reserve	2,923,969.97	2,738,634.65
Inventory	D	616,336.31	498,248.33	Fund Balance	D- 1	<u>8,857,253.53</u>	<u>8,813,060.08</u>
		<hr/>	<hr/>				
		<u>2,923,969.97</u>	<u>2,738,634.65</u>				
Total Operating Fund		<u>15,751,488.72</u>	<u>14,241,039.75</u>	Total Operating Fund		<u>15,751,488.72</u>	<u>14,241,039.75</u>
Assessment Trust Fund:				Assessment Trust Fund:			
Interfunds Receivable	D-13	14,487.70	14,487.70	Fund Balance	D- 5	14,487.70	14,487.70
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, D-9	10,126,589.80	13,657,002.35	Serial Bonds Payable	D-24	11,040,000.00	12,270,000.00
Fixed Capital	D-15	34,650,186.47	32,448,884.40	Environ. Infrastr. Loans Payable	D-25	135,000.00	195,000.00
Interfunds Receivable	D-13	223,482.20	281,256.97	Reserve for Encumbrances	D-22	5,183,574.06	1,406,744.06
Fixed Capital Authorized				Improvement Authorizations:			
and Uncompleted	D-16	21,478,869.95	22,068,233.00	Funded	D-22	3,534,028.25	9,270,588.20
		<hr/>	<hr/>	Unfunded	D-22	4,291,649.54	4,525,516.89
		<u>66,479,128.42</u>	<u>68,455,376.72</u>	Reserve for:			
Total Capital Fund		<u>66,479,128.42</u>	<u>68,455,376.72</u>	Capital Improvement Fund	D-26	1,520,015.01	1,520,015.01
		<hr/>	<hr/>	Various Reserves	D-23	67,589.50	67,589.50
		<u>\$ 82,245,104.84</u>	<u>\$ 82,710,904.17</u>	Amortization	D-27	37,914,936.47	36,536,134.40
				Deferred Reserve for Amortization	D-28	1,926,000.00	964,500.00
				Fund Balance	D- 2	<u>866,335.59</u>	<u>1,699,288.66</u>
				Total Capital Fund		<u>66,479,128.42</u>	<u>68,455,376.72</u>
						<u>\$ 82,245,104.84</u>	<u>\$ 82,710,904.17</u>
						<u>\$ 5,113,119.95</u>	<u>\$ 4,551,483.00</u>

Bonds and Notes Authorized but not Issued at December 31, 2018 and 2017 (See Schedule D-29).

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-1

WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>Revenues and Other Income Realized</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Operating Fund Balance	D-1 ,D-3	\$ 1,000,000.00	
Water Rents	D-3	11,654,280.56	\$11,673,488.21
Fire Service Rents	D-3	1,141,930.79	1,112,616.27
Miscellaneous	D-3	1,302,867.49	961,446.02
Non-Budget Revenue	D-6	2,556.63	
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	D-17	395,034.96	640,376.66
Accrued Interest Adjustment	D-21	4,521.88	6,758.82
		<hr/>	<hr/>
Total Revenues and Other Income		15,501,192.31	14,394,685.98
		<hr/>	<hr/>
<u>Expenditures</u>			
Budget Expenditures:			
Operating	D-4	11,973,061.00	11,843,626.00
Capital Improvements	D-4	400,000.00	316,500.00
Debt Service	D-4	1,627,937.86	1,540,318.51
Deferred Charges and Statutory Expenditures	D-4	456,000.00	357,390.00
		<hr/>	<hr/>
Total Expenditures		14,456,998.86	14,057,834.51
		<hr/>	<hr/>
Excess in Revenues/Statutory Excess to Fund Balance		1,044,193.45	336,851.47
<u>FUND BALANCE</u>			
Balance, December 31,	D	8,813,060.08	8,476,208.61
		<hr/>	<hr/>
		9,857,253.53	8,813,060.08
Decreased by:			
Utilized as Anticipated Revenue	D-1	1,000,000.00	-
		<hr/>	<hr/>
Balance, December 31,	D	<u>\$ 8,857,253.53</u>	<u>\$ 8,813,060.08</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-2

	<u>Ref.</u>	
Balance, December 31, 2017	D	\$ 1,699,288.66
Increased by:		
Canceled Improvement Authorizations	D-22	<u>128,546.93</u>
		1,827,835.59
Decreased by:		
Appropriated to Fund Improvement Authorizations	D-22, D-28	<u>961,500.00</u>
Balance, December 31, 2018	D	<u><u>\$ 866,335.59</u></u>



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-3

	<u>Ref.</u>	2018 <u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	D-1	\$ 1,000,000.00	\$ 1,000,000.00	
Water Rents	D-1	11,500,000.00	11,654,280.56	\$ 154,280.56
Fire Service Rents	D-1	1,100,000.00	1,141,930.79	41,930.79
Miscellaneous	D-1	<u>857,000.00</u>	<u>1,302,867.49</u>	<u>445,867.49</u>
		<u>\$ 14,457,000.00</u>	<u>\$ 15,099,078.84</u>	<u>\$ 642,078.84</u>
	<u>Ref.</u>	D-4		
 <u>Analysis of Realized Revenues:</u>				
Analysis of Water Rents:				
Water Rent Collections	D-10		\$ 11,642,285.75	
Water Rent Liens Collected	D-12		<u>11,994.81</u>	
	D-6, Above		<u>\$ 11,654,280.56</u>	
 Analysis of Fire Service Rents:				
Fire Service Rent Collections	D-11		\$ 1,141,268.80	
Prepaid Fire Service Rents Applied	D-11, D-19		<u>661.99</u>	
	D-6, Above		<u>\$ 1,141,930.79</u>	
 Analysis of Miscellaneous:				
Collector:				
Connections		\$ 656,994.90		
Sales of Meters		195,227.45		
Water Taps		51,917.35		
Installation and Inspection Fees		6,993.90		
Interest on Delinquencies		150,416.40		
Miscellaneous		<u>23,239.72</u>		
	D-6		\$ 1,084,789.72	
Treasurer:				
Miscellaneous	D-6	160,303.00		
Interfund	D-14	<u>57,774.77</u>		
			<u>218,077.77</u>	
	D-1, Above		<u>\$ 1,302,867.49</u>	

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-4

		2018	Budget After	<u>Expended</u>			Unexpended
		<u>Budget</u>	<u>Modification</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
				<u>Charged</u>			<u>Cancelled</u>
Operating:							
Salaries and Wages	\$	2,291,522.00	\$ 2,291,522.00	\$ 2,003,224.67		\$ 288,297.33	
Other Expenses		8,507,539.00	8,507,539.00	6,521,624.76	\$ 1,020,674.30	965,239.94	
Health Benefits		1,040,000.00	1,040,000.00	1,017,485.38		22,514.62	
Insurance - Other		134,000.00	134,000.00	132,960.38		1,039.62	
Capital Improvements:							
Capital Outlay		400,000.00	400,000.00	217,349.00	46,218.72	136,432.28	
Debt Service:							
Payment of Bond Principal		1,230,000.00	1,230,000.00	1,230,000.00			
Interest on Bonds		327,701.00	327,701.00	327,700.36			\$ 0.64
Loan Repayments for Principal and Interest		70,238.00	70,238.00	70,237.50			0.50
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System		285,000.00	285,000.00	257,446.90		27,553.10	
Social Security System (O.A.S.I.)		165,000.00	165,000.00	147,278.28		17,721.72	
Disability Insurance		6,000.00	6,000.00	6,000.00			
		<u>\$ 14,457,000.00</u>	<u>\$ 14,457,000.00</u>	<u>\$ 11,931,307.23</u>	<u>\$ 1,066,893.02</u>	<u>\$ 1,458,798.61</u>	<u>\$ 1.14</u>
<u>Ref.</u>		D-3	D-3	D-6	D	D	D-1

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-5

WATER UTILITY ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Ref.

Balance, December 31, 2018 and 2017	D	<u>\$ 14,487.70</u>
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TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2018 and 2017

	<u>Ref.</u>	Balance <u>December 31, 2018</u>	Balance <u>December 31, 2017</u>
<u>ASSETS</u>			
State Aid Receivable	E-1	\$ <u>4,175.00</u>	\$ <u>412.00</u>
		\$ <u><u>4,175.00</u></u>	\$ <u><u>412.00</u></u>
<u>LIABILITIES</u>			
Accounts Payable	E-2	\$ <u>4,175.00</u>	\$ <u>412.00</u>
		\$ <u><u>4,175.00</u></u>	\$ <u><u>412.00</u></u>

TOWNSHIP OF FRANKLIN  
GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF GENERAL FIXED ASSETS-REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>General Fixed Assets</u>		
Buildings	\$ 17,892,500.00	\$ 12,304,960.00
Land	36,002,700.00	27,590,390.00
Equipment	10,929,963.28	9,532,465.07
Vehicles	10,253,508.67	9,553,519.62
	<u>\$ 75,078,671.95</u>	<u>\$ 58,981,334.69</u>
 <u>Reserve</u>		
Investment in General Fixed Assets	<u>\$ 75,078,671.95</u>	<u>\$ 58,981,334.69</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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 began 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 Township Sewerage Authority, 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 a 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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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.

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

YEARS ENDED DECEMBER 31, 2018 AND 2017

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. 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.



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fair 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.

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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Length of Service Awards Program (LOSAP) - The Division does not require the LOSAP to be included as part of the balance sheet of the Trust Fund in the regulatory basis financial statements of the Township. GAAP requires inclusion of such information to be recorded in the financial statements.

Disclosures About Pension Liabilities - the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Since the Township does not follow GAAP, the GASBs did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASBs (See Note 8 for additional information).

Disclosures About OPEB Liabilities - The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* OPEB that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of this liabilities, deferrals and expenses, but do require the disclosure of the amounts. Since the Township does not follow GAAP, the GASB did not result in a change in the Township's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. (See Note 9 for additional information.)

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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Regulatory Basis Financial Statements - The GASB Codification also defines the financial statements of a governmental unit to be presented in the basic financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Recent Accounting Pronouncements:

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.

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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

GASB issued Statement No. 90 *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The Township does not prepare its financial statements in accordance with GAAP and as a result these new reporting standards will not impact upon the methodology the Township utilizes to report its financial statements.

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

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

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

A. Summary of Municipal Debt for Capital Projects

	2018	2017
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 18,875,000.00	\$ 22,125,000.00
Energy Lease Payable	730,457.23	799,951.26
Open Space Trust:		
Bonds and Notes	13,195,000.00	15,140,000.00
Water Utility:		
Bonds and Notes	11,040,000.00	12,270,000.00
Infrastructure Water Loan	135,000.00	195,000.00
Total Issued	43,975,457.23	50,529,951.26
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	11,213,829.15	11,704,791.67
Water Utility:		
Bonds and Notes	5,113,119.95	4,551,483.00
Total Authorized But Not Issued	16,326,949.10	16,256,274.67
Total Bonds and Notes Issued and Authorized but not Issued	\$ 60,302,406.33	\$ 66,786,225.93

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017:

<u>General Debt:</u>	<u>2018</u>	<u>2017</u>
\$9,550,000.00, General Improvement Bonds Series 2010, the final installment of \$1,400,000.00 was paid May 15, 2018	\$	1,400,000.00
\$9,620,000.00, General Improvement Bonds Series 2014, due in annual installments of \$750,000.00 to \$1,000,000.00 through November 1, 2026, Interest at 2.00% to 3.00%	\$ 7,250,000.00	8,000,000.00
\$12,725,000.00, General Improvement Bonds Series 2017, due in annual installments of \$550,000.00 to \$1,100,000.00 through December 15, 2032, Interest at 2.00% to 4.00%	11,625,000.00	12,725,000.00
\$6,795,000.00 Open Space Trust Fund Refunding Bonds Series 2014, due in annual installments of \$1,135,000.00 to \$1,140,000.00 through January 15, 2022, Interest at 4.00%	4,545,000.00	5,685,000.00
\$3,560,000.00 Open Space Trust Fund Bonds Series 2014, due in annual installments of \$250,000.00 through November 1, 2029, Interest at 2.00% to 3.00%	2,750,000.00	2,955,000.00
\$6,500,000.00 Open Space Trust Fund Bonds Series 2017, due in annual installments of \$300,000.00 to \$600,000.00 through December 15, 2032, Interest at 2.00% to 4.00%	5,900,000.00	6,500,000.00
Program Loans: \$1,132,878.21 Energy Efficient Equipment Lease; due in annual installments of \$73,537.99 to \$111,713.64 through September 7, 2026, Interest at 3.7529%	730,457.23	799,951.26
Total General Debt	32,800,457.23	38,064,951.26

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

A. Summary of Municipal Debt for Capital Projects (Continued)

Water Utility Debt:

\$855,000.00, Infrastructure Water Loan, due in annual installments of \$65,000.00 to \$70,000.00 through Aug. 1, 2020, interest at 5.25%	\$ 135,000.00	\$ 195,000.00
\$5,440,000.00 Water Bonds Series 2010, due in annual installments of \$555,000.00 through May 15, 2020, interest at 3.50%	1,110,000.00	1,665,000.00
\$6,580,000.00 Water Bonds Series 2014, due in annual installments of \$400,000.00 to \$525,000.00 through November 1, 2029, interest at 2.00% to 3.00%	5,230,000.00	5,605,000.00
\$5,000,000.00, Water Bonds, Series 2017 due in annual installments of \$300,000.00 to \$600,000.00 through December 15, 2027 interest from 2.00% to 4.00%	<u>4,700,000.00</u>	<u>5,000,000.00</u>
Total Water Utility Debt	<u>11,175,000.00</u>	<u>12,465,000.00</u>
Total Debt Issued and Outstanding	<u>\$ 43,975,457.23</u>	<u>\$ 50,529,951.26</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 93,495,000.00	\$ 93,495,000.00	\$ -
Water Utility Debt	16,288,119.95	16,288,119.95	-
General Debt	<u>44,014,286.38</u>	<u>13,545,470.13</u>	<u>30,468,816.25</u>
	<u>\$ 153,797,406.33</u>	<u>\$ 123,328,590.08</u>	<u>\$ 30,468,816.25</u>

Net Debt \$ 30,468,816.25 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,950,655,834.00 = 0.306%

<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%

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

	<u>2018</u>	<u>2017</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$ 348,272,954.19</u> <u>30,468,816.25</u>	<u>\$ 330,435,718.03</u> <u>34,279,272.80</u>
Remaining Borrowing Power	<u>\$ 317,804,137.94</u>	<u>\$ 296,156,445.23</u>



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>	<u>2017</u>
Cash Receipts from Fees, Rents, Fund Balance Utilized or Other Charges for Year	\$ 15,101,635.48	\$ 13,747,550.50
Deductions:		
Operating and Maintenance Costs	12,429,061.00	12,201,016.00
Debt Service	1,627,937.86	1,540,318.51
Total Deductions	14,056,998.86	13,741,334.51
Excess in Revenues	\$ 1,044,636.62	\$ 6,215.99

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>2018</u>	<u>2017</u>
Excess in Revenues - Cash Basis (D-1)	\$ 1,044,193.45	\$ 336,851.47
Add: Capital Improvements	400,000.00	316,500.00
Other Deductions to Operations	-	-
	1,444,193.45	653,351.47
Less: Reserves Cancelled	395,034.96	640,376.66
Other Additions to Operations	4,521.88	6,758.82
	399,556.84	647,135.48
Excess in Revenues	\$ 1,044,636.61	\$ 6,215.99

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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>
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
2024-2028	6,825,000.00	1,128,000.00	4,775,000.00	466,187.50
2029-2032	4,000,000.00	300,000.00	525,000.00	15,750.00
<b>TOTAL</b>	<b>\$ 18,875,000.00</b>	<b>\$ 3,546,625.00</b>	<b>\$ 11,040,000.00</b>	<b>\$ 1,694,643.75</b>

Year	<u>OPEN SPACE</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
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
2024-2028	3,050,000.00	475,125.00	14,650,000.00	2,069,312.50
2029-2032	1,450,000.00	97,500.00	5,975,000.00	413,250.00

<b>TOTAL</b>	<b>\$ 13,195,000.00</b>	<b>\$ 1,930,237.50</b>	<b>\$ 43,110,000.00</b>	<b>\$ 7,171,506.25</b>
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\*Annual debt service for the "Water Supply Loans" and "Energy Lease" is not included in the above schedules.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	<u>Fund Balance December 31, 2018</u>	<u>Utilized in Succeeding Year's Budget</u>
Current Fund	\$ 25,158,847.12	\$ 7,271,686.00
Water Utility Operating Fund	8,857,253.53	1,000,000.00

	<u>Fund Balance December 31, 2017</u>	<u>Utilized in Succeeding Year's Budget</u>
Current Fund	\$ 26,152,491.81	\$ 7,271,686.00
Water Utility Operating Fund	8,813,060.08	1,000,000.00

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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.

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, 2018 and 2017, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2018</u>		<u>2017</u>
Cash (Demand Accounts)	\$ 109,527,191.63	\$	124,536,469.36
Change Funds (On-Hand)	1,455.00		1,455.00
	<u>\$ 109,528,646.63</u>		<u>\$ 124,537,924.36</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, 2018 the carrying amount of the Township's deposits was \$109,528,646.63 and the amount of bank balances on deposit was \$111,715,955.21.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 6: DEPOSITS AND INVESTMENTS (CONTINUED)

The Township has implemented the disclosure requirements of GASB Statement 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.

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, 2018, the Township was subject to Custodial Credit Risk in the following amounts:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 1,100,257.34
Insured - NJGUDPA (N.J.S.A. 17:941)	109,538,908.56
	<hr/>
Total	\$ 110,639,165.90
	<hr/>

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

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 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.

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

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

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

Substantially, all Township employees participate in the Public Employees' Retirement System or the Police and Firemen's Retirement System. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bill the Township annually at an actuarially determined rate for its required contribution. The current rate is 7.50% and 10%, respectively, of annual covered payroll. The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of the respective plan. The Township's contributions to the PERS for the years ended December 31, 2018, 2017 and 2016 were \$1,316,390.00, \$1,276,412.00 and \$1,172,381.00, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ended December 31, 2018, 2017 and 2016 were \$3,130,317.00, \$2,840,146.00 and \$2,746,128.00 respectively, equal to the required contributions for each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Public Employee's Retirement System (PERS)*

At December 31, 2018 and 2017, the Township's liability for its proportionate share of the net pension liability was \$26,729,312.00 and \$32,568,768.00, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Township's proportion was 0.13575413 percent, which was a decrease of 0.00415568 percent from its proportion measured as of June 30, 2017.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<u>2018</u> Deferred Outflows of Resources	<u>2018</u> Deferred Inflows of Resources	<u>2017</u> Deferred Outflows of Resources	<u>2017</u> Deferred Inflows of Resources
Difference between expected and actual experience	\$ 509,732	\$ 137,825	\$ 766,882	
Changes of assumptions	4,404,548	8,546,612	6,561,484	\$ 6,537,429
Net difference between projected and actual earnings on pension plan investments		250,722	221,771	
Changes in proportion and differences between agency contributions and proportionate share of contributions	1,009,504	1,186,363	1,492,612	534,959
Township contributions subsequent to the measurement date	644,458		616,469	
	<u>\$ 6,568,242</u>	<u>\$ 10,121,522</u>	<u>\$ 9,659,218</u>	<u>\$ 7,072,388</u>

\$644,458 and \$616,469 as of December 31, 2018 and 2017, respectively, are reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

<u>Year ending</u>	<u>Amount</u>
2019	\$ 410,202
2020	(111,085)
2021	(2,025,417)
2022	(1,855,799)
2023	(615,639)
Total	<u>\$ (4,197,738)</u>



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Actuarial Assumptions*

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

The total pension liability for the June 30, 2018 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 rate	2.25%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

*Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 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 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the actuary's 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

The discount rate used to measure the total pension liability 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 the Township's proportionate share of the net pension liability to changes in the discount rate*

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	At 1% decrease (4.66%)	At current discount rate (5.66%)	At 1% increase (6.66%)
Township's proportionate share of the net pension liability	\$ 33,609,030	\$ 26,729,312	\$ 20,957,669

The following presents the Township's proportionate share of the net pension liability as of December 31, 2017 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	At 1% decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
Township's proportionate share of the net pension liability	\$ 40,403,767	\$ 32,568,768	\$ 26,041,243

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Additional Information*

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 4,684,852,302.00
Deferred inflows of resources	\$ 7,646,736,226.00
Net pension liability	\$ 19,689,501,539.00
Township's Proportion	0.0013575413%

Collective balances of the Local Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842.00
Deferred inflows of resources	\$ 5,700,625,981.00
Net pension liability	\$ 23,278,401,588.00
Township's Proportion	0.1399098135%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 and June 30, 2017 were \$1,099,708,157 and \$1,679,030,145, respectively.

The average of the expected remaining service lives of all plan members is 5.63 and 5.59 years for 2018 and 2017, respectively.

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

At December 31, 2018 and 2017, the Township's liability for its proportionate share of the net pension liability was \$46,978,458 and \$54,604,559, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Township's proportion was 0.347174682 percent, which was an increase of 0.029100870 percent from its proportion measured as of June 30, 2017.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

At December 31, 2018 and 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	<u>2018</u> Deferred Outflows of Resources	<u>2018</u> Deferred Inflows of Resources	<u>2017</u> Deferred Outflows of Resources	<u>2017</u> Deferred Inflows of Resources
Difference between expected and actual experience	\$ 477,945	\$ 194,408	\$ 354,242	\$ 320,483
Changes of assumptions	4,032,469	12,039,768	6,733,350	8,942,630
Net difference between projected and actual earnings on pension plan investments		257,015	1,041,983	
Changes in proportion and differences between agency contributions and proportionate share of contributions	1,953,965	922,570	3,003,778	121,759
Township contributions subsequent to the measurement date	1,632,607		1,501,916	
	<u>\$ 8,096,986</u>	<u>\$ 13,413,761</u>	<u>\$ 12,635,269</u>	<u>\$ 9,384,872</u>

\$1,632,607 and \$1,501,916 are reported as deferred outflows of resources as of December 31, 2018 and 2017, respectively, related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows, if the financial statements were prepared in accordance with generally accepted accounting principles:

<u>Year ending</u>	<u>Amount</u>
2019	\$ 1,197,430
2020	(1,035,024)
2021	(3,669,913)
2022	(2,546,384)
2023	(895,491)
Total	<u>\$ (6,949,382)</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Actuarial Assumptions*

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increase through 2026	2.10 - 8.98%
	based on age
Thereafter	3.10 - 9.98%
	based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The 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 rate	2.25%
Salary increase through 2026	2.10 - 8.98%
	based on age
Thereafter	3.10 - 9.98%
	based on age
Investment rate of return	7.00%

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.

*Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the actuary's modified 2014 projection scale thereafter. For preretirement accident mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generation basis using Projection Scale AA from the base year of 2012 to 2013 and the actuary's modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the actuary's modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 fiscal year. The State employer contributed 50% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

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 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 the Township's proportionate share of the net pension liability to changes in the discount rate*

The following presents the Township's proportionate share of the net pension liability as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51 percent) or 1-percentage-point higher (7.51 percent) than the current rate:

	At 1% decrease (5.51%)	At current discount rate (6.51%)	At 1% increase (7.51%)
Township's proportionate share of the net pension liability	\$ 71,415,343	\$ 53,359,705	\$ 38,467,092

The following presents the Township's proportionate share of the net pension liability as of December 31, 2017 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14 percent) or 1-percentage-point higher (7.14 percent) than the current rate:

	At 1% decrease (5.14%)	At current discount rate (6.14%)	At 1% increase (7.14%)
Township's proportionate share of the net pension liability (Local)	\$ 80,004,616	\$ 60,720,771	\$ 44,876,899



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Firemen's Retirement System.

Collective balances at June 30, 2018 - PFRS Local Group	
Collective deferred outflows of resources	\$ 1,988,215,695
Collective deferred inflows of resources	4,286,994,294
Collective net pension liability - Local group	15,369,699,278
 Township's Proportion	 0.347174682%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,270,762,352.

Collective balances at June 30, 2017 - PFRS Local Group	
Collective deferred outflows of resources	\$ 2,941,952,753
Collective deferred inflows of resources	3,262,432,093
Collective net pension liability - Local group	17,167,260,198
 Township's Proportion	 0.3537007586%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,611,644,893.

The average of the expected remaining service lives of all plan members is 5.73 and 5.59 years for 2018 and 2017, respectively.

*Special Funding Situation*

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a non-employer contributing entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of December 31, 2018 and 2017 is 0.3471746800% and 0.35737007586%, respectively, and the non-employer contributing entities' contribution for the year ended June 30, 2018 and 2017 was \$377,924 and \$305,834, respectively. The State's proportionate share of the net pension liability attributable to the Township for the year ended December 31, 2018 and 2017 was \$6,381,247 and \$6,116,171, respectively.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 8. PENSION PLANS (CONTINUED)

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 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 did not earn the minimum annual salary for their 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 their tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on information within the Division's database, was 46,557.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees' 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 years ended December 31, 2018 and 2017, the DCRP covered payroll was \$416,291.00 and \$379,252.85, respectively. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended December 31, 2018 were \$12,488.73 and \$22,896.01, respectively.

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

In addition to the pension plans described in Note 8, the Township provides post-employment health care benefits, in accordance with State statute N.J.S.A. 40A:10-23 to employees who retire with at least 25 years of service in the New Jersey pension system and 20 years of service with the Township under service retirement and to employees that are eligible upon retirement with a disability pension from a state administered pension plan. The Township does not issue a publicly available financial report for the plan. Benefit provisions for the plan are established and amended with the approval of the Township's governing body and there is no statutory requirement for the Township to continue this plan for future Township employees. The plan is a contributory plan with 75%-100% of payments for plan benefits being funded by the Township depending on the retiree's years of service. Employees pay a certain percentage of the premiums.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 9: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS - HEALTHCARE BENEFITS (CONTINUED)

GASB Statement No. 75 requires that the Township disclose its annual OPEB liability and cost and related changes to the liability for the plan, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actual amounts paid for the OPEB medical benefits, accounted for on the pay-as-you-go basis, for retired Township employees and their spouses during 2018 totaled \$2,068,654.

The Township hired an actuary to perform the calculation as of December 31, 2018 for the Township plan and the required information is presented on the following pages.

*Employees Covered by Benefit Terms*

At December 31, 2018, there are 140 retired employees and 233 active employees covered by the plan.

*Total OPEB Liability*

The total OPEB liability from the Township's plan as of December 31, 2018 and 2017 is \$107,504,114 and \$116,098,854, respectively.

*Actuarial assumptions and other inputs*

The total OPEB liability of \$107,504,114 was reported in the December 31, 2018 actuarial valuation prepared by the Township's actuary, Aon, which was determined using a discount rate of 4.10% and healthcare cost trend rates of 6.60% for pre 65 retirees and 6.05% for post-65 retirees, decreasing to a 5.00% long-term trend rate after nine years for pre-65 retirees and ten year for post-65 retirees. For dental benefits, the trend is 5.00% for all years.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of January 1, 2018 rolled forward to December 31, 2018.

Changes in the total OPEB liability for the year ended December 31, 2018 is as follows:

Balance - December 31, 2017	\$ 116,098,854
Changes for the year:	
Service cost	4,231,851
Interest cost	4,103,795
Benefit payments	(2,068,654)
Actuarial assumption changes*	(14,861,732)
Net changes	(8,594,740)
 Balance - December 31, 2018	 \$ 107,504,114

Changes of assumptions and other inputs reflect a discount rate of 4.10% in 2018 based on the Bond Buyer 20 Index at December 31, 2018.

The total OPEB expense for the year ended December 31, 2018 was \$6,105,130.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 9: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS - HEALTHCARE BENEFITS (CONTINUED)

*Sensitivity of the total and net OPEB liability to changes in the discount rate*

The following presents the total and net OPEB liability of the Township for retirees, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	At 1% Decrease <u>3.10%</u>	Current Rate <u>4.10%</u>	At 1% Increase <u>5.10%</u>
Net OPEB liability	\$ 131,150,307	\$ 107,504,114	\$ 89,449,258

*Sensitivity of the total and net OPEB liability to changes in the healthcare trend rates*

The following presents the total and net OPEB liability of the Township for Township retirees, as well as what the Township's total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current healthcare trend rate:

	At 1% Decrease <u>3.10%</u>	Healthcare Trend Rate <u>4.10%</u>	At 1% Increase <u>5.10%</u>
Net OPEB liability	\$ 87,203,961	\$ 107,504,114	\$ 134,689,649

*Funding Status and Funding Progress*

As of December 31, 2018, the date of the most recent actuarial valuation, the plan is currently unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value or 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 plan and the annual required contribution 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 presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Methods and Assumptions*

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

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 9: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS - HEALTHCARE BENEFITS (CONTINUED)

Spouse Age Difference & Marriage Percentage - Spouses are assumed to continue coverage upon the death of the former employee. Upon retirement, 90% of eligible future retirees are assumed to be married and enroll an eligible spouse. Males are assumed to be 3 years older than females. Married actives are assumed to choose two-person coverage at retirement.

Mortality - PUBGH2010 with Fully Generational Projection Scale MP 2018, "General" Classification, Headcount-Weighted, Ees & HA Mort.

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 \$5,696,182.28 and \$5,928,988.12 as at December 31, 2018 and 2017, respectively. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. 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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018. 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, 2018, 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, 2018 and 2017 were:

2018

	Balance December 31, 2017	Increases to Reserves	Decreases To Reserves	Balance December 31, 2018
Other Insurance Reserves	\$ 370,945.22	\$ 178,048.84	\$ 103,618.96	\$ 445,375.10
Workers's Compensation	790,569.21	227,575.45	54,362.43	963,782.23
Environmental Impairment	99,753.77	-	-	99,753.77

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

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,

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 11: RISK MANAGEMENT (CONTINUED)

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, 2018, the CJ JIF reported for all years combined, total assets of \$24,862,847.40, liabilities and reserves of \$12,768,402.46, which includes case and IBNR reserves of \$10,905,615.66, and an unrestricted net position of \$12,094,444.94. See Note 14 - 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>	<u>Township Appropriation</u>	<u>Net Interest Earnings/Employee Contributions/ Remittances</u>	<u>Ending Balance</u>
CY 2018	\$ -	\$ (39,241.14)	\$ 1,197,201.08
CY 2017	-	(58,201.88)	1,236,442.22
CY 2016	-	(33,522.02)	1,294,644.10

Note 12: LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Township has established a LOSAP in accordance with N.J.A.C. 5:30-14. Annually, the Township appropriates funds and makes contributions into the LOSAP on behalf of its active emergency service volunteers that are tax-deferred income benefits.

In accordance with N.J.A.C 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors.

As of December 31, 2018 and 2017, there was \$631,974.99 and \$676,436.47, respectively, held in the LOSAP.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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 2018 were \$368,873.65 and the taxes in 2018, as listed above, that otherwise would have been due on these long-term tax exemptions amounted to \$345,021.91, 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, 2018, 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 as levied. At December 31, 2016 and including years 2017 and 2018, 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. The Township has been making its required supplemental assessment payments annually.

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, 2018, the Township has \$2,500,273.14 available for this purpose in a special reserve and has appropriated \$500,000.00 in the 2019 budget, which may be utilized to the extent available.

At year-end December 31, 2018, the Township has commitments outstanding in the General Capital Fund in the amount of \$3,917,386.10 and \$5,183,574.06 in the Water Utility Capital Fund.



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 15: INTERFUNDS

The following interfund balances remained on the balance sheet at December 31, 2018:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 2,232,264.13	\$ 14,804.00
Grant Fund		475,199.90
Animal Control		29,660.80
Trust - Other		294,601.81
Self-Insurance		11,890.23
Open Space Trust	428,012.41	
Recreation Trust		11,834.04
Payroll and Payroll Agency		58,824.57
General Capital	468,500.00	2,231,961.19
Water Operating		237,969.90
Water Assessment	14,487.70	
Water Capital	223,482.20	
Totals	<u>\$ 3,366,746.44</u>	<u>\$ 3,366,746.44</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. All interfunds are expected to be liquidated within one year.

Note 16: SUBSEQUENT EVENTS

The Township has evaluated the possibility of subsequent events existing in the Township's financial statements occurring after December 31, 2018, 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>
4282-19	Var. 2019 Capital Improvs & Equip. Acquis.	\$ 4,370,412.00	\$ 4,151,891.00
4283-19	Var. 2019 Capital Improvs. & Equip. - Water Utility	\$ 4,150,000.00	\$ 4,150,000.00
4284-19	Constr. of a Youth Center	\$ 13,550,000.00	\$ 12,872,500.00
4285-19	Var. Capital Acquis. & Improvs. - Open Space	\$ 2,401,651.00	
4286-19	Pool Repairs Williams Park - Open Space - Amend from \$110,000 to \$160,000	\$ 160,000.00	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF CASH-TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-4

			Current Fund	Grant Fund
<u>Ref.</u>				
Balance, December 31, 2017	A		\$ 51,781,229.32	\$ 1,457,714.47
Increased by:				
Miscellaneous Revenue Not Anticipated	A-2	\$	843,347.18	
Miscellaneous Anticipated Revenue	A-8		13,686,539.51	
Prepaid Taxes	A-7		2,267,426.02	
Taxes Receivable	A-7		218,089,717.17	
Tax Title Liens Receivable	A-7		246,399.66	
Due NJ Sr. Citizens and Veterans Deductions	A-6		295,308.22	
Miscellaneous Accounts Payable and Reserves	A-9		732,483.49	
Petty Cash Returned	A-5		1,650.00	
Property Tax Overpayments	A-10		522,982.57	
Interfunds (Net)	A-12, A-16			\$ 11,993.62
Grants Receivable	A-14			822,189.71
			236,685,853.82	834,183.33
Decreased by:				
Budget Appropriations	A-3		51,711,472.52	
Property Tax Overpayments	A-10		526,827.31	
Taxes Payable	A-11		189,792,664.05	
Interfunds (Net)	A-12		7,316,186.44	
Appropriation Reserves	A-13		1,381,775.99	
Miscellaneous Accounts Payable and Reserves	A-9		706,228.78	
Petty Cash Advanced	A-5		1,650.00	
Grant Appropriations	A-15			537,012.92
Total Cash Disbursements			251,436,805.09	537,012.92
Balance, December 31, 2018	A		\$ 37,030,278.05	\$ 1,754,884.88

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-5

SCHEDULE OF PETTY CASH AND CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance December 31, 2017	Advanced	Returned	Balance December 31, 2018
<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	
	<u>\$ 1,255.00</u>	<u>\$ 1,650.00</u>	<u>\$ 1,650.00</u>	<u>\$ 1,255.00</u>
<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, 2018

A-6

	<u>Ref.</u>		
Balance, December 31, 2017	A		\$ 6,750.00
Increased by:			
Sr. Citizens and Vet. Deductions - Original Levy	A-6	\$ 319,500.00	
Deductions Allowed by Tax Collector - Current Year	A-6	<u>4,000.00</u>	
			<u>323,500.00</u>
			330,250.00
Decreased by:			
Cash Received from State of NJ	A-4, Below	295,308.22	
Deductions Disallowed by Tax Collector - Current Year	A-6	2,501.38	
Prior Years' Disallowed	A-1	<u>26,400.00</u>	
			<u>324,209.60</u>
Balance, December 31, 2018	A		<u><u>\$ 6,040.40</u></u>
<u>Analysis of Realized Revenues:</u>			
Sr. Cit. And Vets. Deduction per Tax Billing	A-6		\$ 319,500.00
Add: Deductions Allowed	A-6		4,000.00
Less: Deductions Disallowed	A-6		<u>2,501.38</u>
Realized Revenue - 2018	A-7		<u><u>\$ 320,998.62</u></u>
<u>Analysis of Senior Citizens/Veterans Reimbursement by State (P.L. 1976, c.73):</u>			
Funds Received from State of New Jersey - Net of Reduction			\$ 301,419.38
Less: Administrative Fee			<u>(6,111.16)</u>
	Above		<u><u>\$ 295,308.22</u></u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND LEVY ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-7

Year	Balance, December 31, 2017	Added Taxes and Levy	Collected		State Veterans' and Senior Citizens' Deductions	Transferred to Tax Title Liens	Adjustments and Cancelled	Balance, December 31, 2018
			Prepaid	Current Year				
Arrears	\$ 22,300.41			\$ 7,761.60			\$ (867.45)	\$ 15,406.26
2014	5,987.16			3,750.00			(4,000.00)	6,237.16
2015	9,265.17						2,964.99	6,300.18
2016	193,799.85					\$ (308.91)	9,779.81	184,328.95
2017	<u>2,843,569.63</u>			<u>2,544,023.27</u>		<u>42,118.18</u>	<u>146,299.37</u>	<u>111,128.81</u>
Subtotal	<u>3,074,922.22</u>			<u>2,555,534.87</u>		<u>41,809.27</u>	<u>154,176.72</u>	<u>323,401.36</u>
2018		<u>\$ 230,353,919.24</u>	<u>\$ 11,327,618.07</u>	<u>215,534,182.30</u>	<u>\$ 320,998.62</u>	<u>149,473.60</u>	<u>152,249.58</u>	<u>2,869,397.07</u>
	<u>\$ 3,074,922.22</u>	<u>\$ 230,353,919.24</u>	<u>\$ 11,327,618.07</u>	<u>\$ 218,089,717.17</u>	<u>\$ 320,998.62</u>	<u>\$ 191,282.87</u>	<u>\$ 306,426.30</u>	<u>\$ 3,192,798.43</u>
<u>Ref.</u>	A	Below	A	A-4	A-6	Below	Reserve	A
Prepaid Taxes - 2019		<u>\$ 2,267,426.02</u>						
<u>Analysis of 2018 Property Tax Levy:</u>						<u>Ref.</u>		
General Purpose Tax:								
General Property Tax		\$ 228,119,280.88				A	\$ 369,791.18	
Added Taxes		<u>2,234,638.36</u>				Above	191,282.87	
	Below		<u>\$ 230,353,919.24</u>				44,004.48	
						Below	<u>(246,399.66)</u>	
<u>Tax Levy:</u>								
Local District School Tax Levy	A-11	\$ 142,956,862.00				A	<u>\$ 358,678.87</u>	
County Tax	A-11	31,667,556.37						
County Open Space	A-11	2,988,623.77						
County Added and Omitted	A-11	345,733.91						
Fire & SID Special District Taxes	A-11	6,930,292.00						
Municipal Open Space Levy	A-11	<u>4,903,596.00</u>						
			\$ 189,792,664.05					
Local Taxes:								
Municipal Purposes	A-2	35,136,502.00				A-2	<u>\$ 227,182,798.99</u>	
Library	A-2	<u>3,368,425.00</u>						
		<u>38,504,927.00</u>				Above	\$ 2,555,534.87	
Added taxes		<u>2,056,328.19</u>				Above	<u>246,399.66</u>	
			<u>40,561,255.19</u>					
	Above		<u>\$ 230,353,919.24</u>			A-2	<u>\$ 2,801,934.53</u>	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE AND MISCELLANEOUS REVENUES NOT ANTICIPATED  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance,</u> <u>December 31, 2017</u>	<u>Increases</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance,</u> <u>December 31, 2018</u>
Revenue Accounts Receivable:				
Non-Budgetary:				
Collector Receivables:				
Ordinance 181 - Grass & Weeds	\$ 49,760.68	\$ 49,290.52	\$ 70,528.76	\$ 28,522.44
Ordinance 1844 - Maintenance/Demolition		11,624.98	11,624.98	
Ordinance 4116-15 - Vacant Property		213,679.64	205,311.14	8,368.50
Departmental Receipts		549,771.14	549,771.14	
	<u>49,760.68</u>	<u>824,366.28</u>	<u>837,236.02</u>	<u>36,890.94</u>
 Total	 <u>\$ 49,760.68</u>	 <u>\$ 824,366.28</u>	 <u>\$ 837,236.02</u>	 <u>\$ 36,890.94</u>
	<u>Ref.</u> A		Below	A
 <u>Analysis of Miscellaneous Revenues:</u>				
Current Year Revenue Collections	A-4		\$ 13,686,539.51	
Grant Revenues Realized	A-2		<u>481,908.13</u>	
	A-2		<u>\$ 14,168,447.64</u>	
 <u>Miscellaneous Revenues Not Anticipated:</u>				
Miscellaneous Departmental Receipts	Above		\$ 549,771.14	
Senior Citizen/Veterans Administrative Fee	A-2		6,111.16	
Ordinances	Above		<u>287,464.88</u>	
 Miscellaneous Revenues Not Anticipated	A-1, A-4		<u>\$ 843,347.18</u>	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLE AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-9

	<u>Balance,</u> <u>December 31, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance,</u> <u>December 31, 2018</u>
Accounts Payable:					
Vendor Accounts Payable	\$ 2,117,273.97		\$ 184,085.14	\$ 708,138.22	\$ 2,641,327.05
Third Party Elevator Inspections Fees	18,590.00				18,590.00
Marriage License Filing Fees	13,150.00	\$ 10,625.00	300.00		23,475.00
State Training Fees	55,922.00	216,962.00	247,484.00		25,400.00
Subtotal	2,204,935.97	227,587.00	431,869.14	708,138.22	2,708,792.05
Reserve for:					
Rescue Squad Funds	8,560.00				8,560.00
Police Harley	2,456.00				2,456.00
Tax Appeals	2,221,883.92	504,896.49	226,507.27		2,500,273.14
Special District Levy	212,576.72		47,852.37		164,724.35
Reserve for Library	88,230.13				88,230.13
Subtotal	2,533,706.77	504,896.49	274,359.64	-	2,764,243.62
Total	\$ 4,738,642.74	\$ 732,483.49	\$ 706,228.78	\$ 708,138.22	\$ 5,473,035.67

Ref.

A

A-4

A-4

A-13

A

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-10

SCHEDULE OF PROPERTY TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior Year</u>
Balance, December 31, 2017	A	\$ 25,841.17	\$ -	\$ 25,841.17
Increased by:				
Cash Receipts - Tax Overpayments	A-4	<u>522,982.57</u>	<u>522,982.57</u>	<u>25,841.17</u>
		548,823.74	522,982.57	
Decreased by:				
Cash Payments - Refunds	A-4	<u>526,827.31</u>	<u>522,600.81</u>	<u>4,226.50</u>
Balance, December 31, 2018	A	<u>\$ 21,996.43</u>	<u>\$ 381.76</u>	<u>\$ 21,614.67</u>



TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-11

	<u>Balance,</u> <u>December 31, 2017</u>	<u>Taxes</u> <u>Levied</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>December 31, 2018</u>
County - General		\$ 31,667,556.37	\$ 31,667,556.37	
County - Open Space		2,988,623.77	2,988,623.77	
County - Added & Omitted		345,733.91	345,733.91	
Local District School Taxes		142,956,862.00	142,956,862.00	
Municipal Local Open Space		4,903,596.00	4,903,596.00	
Fire Districts		6,930,292.00	6,930,292.00	
Total	<u>\$ -</u>	<u>\$ 189,792,664.05</u>	<u>\$ 189,792,664.05</u>	<u>\$ -</u>

<u>Ref.</u>	A	A-1, A-7, Below	A-4	A
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Fire District Taxes Levied:

Fire District #1	\$ 3,932,905.00
Fire District #2	1,281,664.00
Fire District #3	1,666,674.00
Fire District #4	49,049.00
	<u>\$ 6,930,292.00</u>

A-1, Above

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF INTERFUNDS (RECEIVABLE) AND PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

A-12

		<u>Balance,</u> <u>December 31, 2017</u>	<u>Cash</u> <u>Receipts/</u> <u>(Disbursements)</u>	<u>Adjustments</u>	<u>Balance,</u> <u>December 31, 2018</u>
Grant Fund	\$	(5,328.09)	\$ (11,993.62)	\$ 10,621.81	\$ (6,699.90)
Animal Control Trust Fund				(29,660.80)	(29,660.80)
Trust - Other Funds		(182,631.57)		(111,970.24)	(294,601.81)
Recreation Trust		(3,696.16)		(8,137.88)	(11,834.04)
Payroll/Payroll Agency		(115,946.79)	65,946.79	(8,824.57)	(58,824.57)
Self Insurance Fund		(3,181.20)		(8,709.03)	(11,890.23)
General Capital Fund		5,724,905.10	(7,370,101.61)	(173,556.27)	(1,818,752.78)
Open Space Trust Fund		14,842.00	(38.00)		14,804.00
<hr/>					
Total	\$	<u>5,428,963.29</u>	\$ <u>(7,316,186.44)</u>	\$ <u>(330,236.98)</u>	\$ <u>(2,217,460.13)</u>
	<u>Ref.</u>	A, Below	A-4		A, Below
 Detail:					
Interfunds Receivable ( )	\$	(310,783.81)			\$ (2,232,264.13)
Interfunds Payable		<u>5,739,747.10</u>			<u>14,804.00</u>
Total	\$	<u>5,428,963.29</u>			\$ <u>(2,217,460.13)</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-13  
Sheet #1

SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	APPROP. RESERVE BALANCE <u>December 31, 2017</u>	RESERVE FOR ENCUMBRANCES <u>December 31, 2017</u>	AMOUNT AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	ACCOUNTS <u>PAYABLE</u>	BALANCE <u>LAPSED</u>
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 12,644.96		\$ 12,644.96	\$ 2,642.85	\$ 10,002.00	\$ 0.11
Other Expenses	247,818.71	\$ 8,442.66	256,261.37	4,598.11	3,718.70	247,944.56
Human Resources (Personnel)						
Salaries and Wages	4,524.43		4,524.43	1,304.69	3,219.00	0.74
Other Expenses	10,442.30	1,550.00	11,992.30	593.00	1,350.00	10,049.30
Mayor and Council						
Salaries and Wages	491.74		491.74			491.74
Other Expenses	15,210.88		15,210.88			15,210.88
Municipal Clerk						
Salaries and Wages	4,585.73		4,585.73	4,228.92		356.81
Other Expenses	18,503.61	10,559.45	29,063.06	4,867.58	5,421.37	18,774.11
Finance Administration						
Salaries and Wages	950.77		950.77	950.77		
Other Expenses	17,276.24	75,457.50	92,733.74	75,564.75		17,168.99
Audit Services						
Other Expenses	11,975.00	29,925.00	41,900.00	29,925.00		11,975.00
Computerized Data Processing						
Salaries and Wages	3,701.76		3,701.76	3,701.76		
Other Expenses	10,707.98	50,972.64	61,680.62	48,143.45	84.45	13,452.72
Revenue Administration (Tax Collection)						
Salaries and Wages	359.71		359.71	359.71		
Other Expenses	27.34	318.50	345.84	318.50		27.34
Tax Assessment Administration						
Salaries and Wages	0.88		0.88	0.88		
Other Expenses	23,684.57	21,850.00	45,534.57		21,850.00	23,684.57
Legal Services (Legal Dept.)						
Other Expenses	17,327.09	236,006.52	253,333.61	35,931.46	136,355.37	81,046.78
Engineering						
Salaries and Wages	7,439.78		7,439.78	7,439.78		
Other Expenses	7,813.35	1,983.15	9,796.50	1,983.15		7,813.35
Economic Development Agencies						
Other Expenses	89,475.00	19,838.64	109,313.64	1,638.42	18,200.22	89,475.00
<u>LAND USE ADMINISTRATION</u>						
Planning Board						
Salaries and Wages	52,822.34		52,822.34	8,534.43	44,287.00	0.91
Other Expenses	34,517.35	24,676.44	59,193.79	16,328.73	13,608.94	29,256.12

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	APPROP. RESERVE BALANCE <u>December 31, 2017</u>	RESERVE FOR ENCUMBRANCES <u>December 31, 2017</u>	AMOUNT AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	ACCOUNTS <u>PAYABLE</u>	BALANCE <u>LAPSED</u>
<b>INSURANCE</b>						
Liability Insurance						
Other Expenses		\$ 38,903.83	\$ 38,903.83	\$ 38,903.83		
Employee Group Insurance						
Salaries and Wages (Payment in Lieu)	\$ 92,007.14		91,851.19	62,992.49		\$ 28,858.70
Other Expenses	11,898.90	4,556.18	16,611.03	13,004.85	\$ 3,606.18	
<b>PUBLIC SAFETY</b>						
<b>Police</b>						
Salaries and Wages	188,359.64		188,359.64	84,555.35	103,802.00	2.29
Other Expenses	46,158.65	112,606.63	158,765.28	117,215.05	11,978.59	29,571.64
<b>Fire Prevention</b>						
Salaries and Wages	103,585.24		103,585.24	7,969.20	95,616.00	0.04
Other Expenses	10.03	5,324.47	5,334.50	5,139.79		194.71
<b>Prosecutor</b>						
Other Expenses	2,391.63	7,018.67	9,410.30	6,416.67	602.00	2,391.63
<b>Emergency Management</b>						
Salaries and Wages	13,584.00		13,584.00		13,584.00	
Other Expenses	1,244.09		1,244.09			1,244.09
<b>Municipal Court</b>						
Salaries and Wages	8,177.82		8,177.82	8,177.82		
Other Expenses	4,532.13	5,127.18	9,659.31	1,188.21	2,695.62	5,775.48
<b>PUBLIC WORKS</b>						
<b>Public Works - General</b>						
Salaries and Wages	3,819.47		3,819.47	3,819.47		
<b>Streets and Roads Maintenance</b>						
Salaries and Wages	4,071.59		4,071.59	4,071.59		
Other Expenses	5,720.06	288,031.32	295,073.90	214,767.96	78,248.17	2,057.77
<b>Public Works - Recycling</b>						
Other Expenses	61,500.64	8,923.20	70,423.84	4,467.48	3,163.68	62,792.68
<b>Public Works - Building and Grounds</b>						
Other Expenses	8,394.29	74,653.61	83,625.38	65,392.63	17,449.51	783.24
<b>Public Works - Vehicle Maintenance</b>						
Other Expenses	3,616.17	24,902.54	26,618.71	13,777.22	11,166.46	1,675.03
<b>Shade Tree Commission</b>						
Other Expenses	30.00	30.00	60.00		30.00	30.00
<b>Community Services Act (Condo Community)</b>						
Other Expenses	79,466.82	4,100.59	83,567.41		4,100.59	79,466.82

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	APPROP. RESERVE BALANCE <u>December 31, 2017</u>	RESERVE FOR ENCUMBRANCES <u>December 31, 2017</u>	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	ACCOUNTS PAYABLE	BALANCE LAPSED
<b>HEALTH AND HUMAN SERVICES</b>						
Animal Control Services						
Salaries and Wages	\$ 20,803.89		\$ 20,803.89		\$ 20,803.00	\$ 0.89
Other Expenses	6,179.28	\$ 4,352.72	10,532.00	\$ 2,697.63	613.06	7,221.31
Community Resources						
Salaries and Wages	13,333.61		13,333.61	7,077.25	6,256.00	0.36
Other Expenses	1,615.97	1,013.55	2,629.52	652.79	360.00	1,616.73
<b>PARKS AND RECREATION</b>						
Department of Recreation, Community Celebrations and Park Administration						
Division of Recreation and Park Administration						
Salaries and Wages	26,587.31		26,587.31	19,909.92	6,677.00	0.39
Other Expenses	4,869.46	10,805.19	15,674.65	4,132.19	6,468.30	5,074.16
<b>UNCLASSIFIED</b>						
Environmental Commission						
Other Expenses	761.00		761.00			761.00
Historical Commission						
Other Expenses	2,899.00		2,899.00			2,899.00
Salary Adjustment						
	81,870.00		81,870.00	56,031.10	25,838.00	0.90
Franklin Township Board of Education - Transp.						
Other Expenses	27,844.26	13,650.88	41,495.14	8,407.75	5,237.19	27,850.20
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)</b>						
Code Enforcement						
Salaries and Wages	10,701.72		10,701.72	10,701.72		
Other Expenses	297,317.18	6,711.18	304,028.36	6,074.28	535.00	297,419.08
Utilities:						
Gasoline	112,163.60	96,116.08	208,279.68	74,118.22	12,742.78	121,418.68
Telephone	25,473.83	12,277.14	37,750.97	7,733.10	3,424.69	26,593.18
Electricity/Heat	142,233.88	25,206.75	167,440.63	72,752.81	15,043.35	79,644.47
Street Lighting	507,452.37		507,452.37	193,846.87		313,605.50
<b>Total Operations Within "CAPS"</b>	<b>2,596,252.19</b>	<b>1,309,168.21</b>	<b>3,738,868.40</b>	<b>1,365,051.18</b>	<b>708,138.22</b>	<b>1,665,679.00</b>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	APPROP. RESERVE BALANCE <u>December 31, 2017</u>	RESERVE FOR ENCUMBRANCES <u>December 31, 2017</u>	AMOUNT AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	ACCOUNTS <u>PAYABLE</u>	BALANCE <u>LAPSED</u>
Contingent	\$ 2,000.00	-	\$ 2,000.00	-	-	\$ 2,000.00
Total Operations Including Contingent Within "CAPS"	<u>\$ 2,598,252.19</u>	<u>\$ 1,309,168.21</u>	<u>\$ 3,740,868.40</u>	<u>\$ 1,365,051.18</u>	<u>\$ 708,138.22</u>	<u>\$ 1,667,679.00</u>
DETAIL:						
Salaries and Wages	654,423.53	-	654,267.58	294,469.70	330,084.00	29,713.88
Other Expenses (Including Contingent)	1,943,828.66	1,309,168.21	3,086,600.82	1,070,581.48	378,054.22	1,637,965.12
Deferred Charges and Statutory Expenditures - <u>Municipal Within "CAPS"</u>						
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	45,882.11	-	45,882.11			45,882.11
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	<u>45,882.11</u>	<u>-</u>	<u>45,882.11</u>			<u>45,882.11</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>2,644,134.30</u>	<u>1,309,168.21</u>	<u>3,786,750.51</u>	<u>1,365,051.18</u>	<u>708,138.22</u>	<u>1,713,561.11</u>
<u>Operations Excluded from "CAPS"</u>						
Interlocal Municipal Service Agreements: Franklin Township Board of Education- Transportation						
Salaries and Wages	95.67		95.67	95.67		
Senior Transportation						
Other Expenses		6,008.37	6,008.37	6,008.33		0.04
Somerset County - Board of Health Services						
Other Expenses	0.69		0.69			0.69
Total Interlocal Municipal Service Agreements - Excluded from "CAPS"	<u>96.36</u>	<u>6,008.37</u>	<u>6,104.73</u>	<u>6,104.00</u>		<u>0.73</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-13  
Sheet #5

SCHEDULE OF 2017 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>APPROP. RESERVE BALANCE December 31, 2017</u>	<u>RESERVE FOR ENCUMBRANCES December 31, 2017</u>	<u>AMOUNT AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE LAPSED</u>
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
<b><u>OFFSET BY REVENUES:</u></b>						
Matching Funds	\$ 12,038.19		\$ 12,038.19	\$ 10,620.81		\$ 1,417.38
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	<u>12,038.19</u>		<u>12,038.19</u>	<u>10,620.81</u>		<u>1,417.38</u>
Total Operations - Excluded from "CAPS"	<u>12,134.55</u>	<u>\$ 6,008.37</u>	<u>18,142.92</u>	<u>16,724.81</u>		<u>1,418.11</u>
<b>DETAIL:</b>						
Salaries and Wages	95.67		95.67	95.67		
Other Expenses	12,038.88	6,008.37	18,047.25	16,629.14		1,418.11
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>12,134.55</u>	<u>6,008.37</u>	<u>18,142.92</u>	<u>16,724.81</u>		<u>1,418.11</u>
Total General Appropriations	<u>\$ 2,656,268.85</u>	<u>\$ 1,315,176.58</u>	<u>\$ 3,804,893.43</u>	<u>\$ 1,381,775.99</u>	<u>\$ 708,138.22</u>	<u>\$ 1,714,979.22</u>
<u>Ref.</u>	A	A		A-4	A-9	A-1

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-14  
Sheet #1

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET</u> <u>YEAR</u>	<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>2018</u> <u>BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>CHP 159</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2018</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

A-14  
Sheet #2

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET</u> <u>YEAR</u>	<u>GRANTS</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>2018</u> <u>BUDGET</u> <u>REVENUE</u> <u>REALIZED</u>	<u>CHP 159</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
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			\$ 4,602.61	36,005.50
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.	35,385.72				35,385.72
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
	2015 CDBG	(12,456.77)			(12,456.77)	
	Summer Food Service Program	4,101.85				4,101.85
	NJ DOT Grant JFK Sec. 1	153,750.00				153,750.00

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

BUDGET YEAR	<u>GRANTS</u>	BALANCE DEC. 31, 2017	2018 BUDGET REVENUE REALIZED	<u>CHP 159</u>	<u>COLLECTED</u>	BALANCE DEC. 31, 2018
2016	Recycling Tonnage Grant	\$ 0.53				\$ 0.53
	Emergency Management Agency Assistance Program	32,800.00			\$ 9,400.00	23,400.00
	Drive Sober or Get Pulled Over	6,000.00				6,000.00
	Community Development Block Grant (CDBG)	119,980.33			46,805.54	73,174.79
	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	5,874.50				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			147,756.57	75,743.43
	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			34,583.33	7,899.92
	Recycling Tonnage Grant	0.46				0.46
	Rec Opportunities Individuals Disab	6,700.00				6,700.00
	Summer Lunch Grant	3,183.16				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			185,764.61	56,771.39
2018	Recycling Tonnage Grant		\$ 31,509.00			31,509.00
	Investor Foundation Grant for Franklin Youth Initiative			\$ 5,000.00	5,000.00	
	Municipal Youth Service Grant			5,000.00		5,000.00
	Clean Communities Program			122,513.50	122,513.50	
	2018 CDBG			255,415.00		255,415.00
	Municipal Alliance Grant - 2018-19			42,483.25	10,918.06	31,565.19
	Office of Emergency Management - EMAA Grant			10,000.00		10,000.00
	NJ DOA - Summer Food Program			9,987.38	4,058.10	5,929.28
		<u>\$ 3,383,244.79</u>	<u>\$ 31,509.00</u>	<u>\$ 450,399.13</u>	<u>\$ 822,189.71</u>	<u>\$ 3,042,963.21</u>
<u>Ref.</u>		A	A-2	A-2	A-4	A

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-15  
Sheet #1

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ENC.</u> <u>DEC. 31</u> <u>2017</u>	<u>TRANSFERRED</u> <u>FROM 2018</u> <u>BUDGET</u>	<u>CH 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2018</u>	<u>BALANCE</u> <u>DEC. 31, 2018</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	696.70	\$ 237.00			\$ 443.50	\$ 259.00	231.20
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

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-15  
Sheet #2

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ENC.</u> <u>DEC. 31</u> <u>2017</u>	<u>TRANSFERRED</u> <u>FROM 2018</u> <u>BUDGET</u>	<u>CH 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2018</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
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
SFY 2009							
Pandemic Influenza Planning Grant	282.88						282.88
Drunk Driving Enforcement Grant	2,089.80				\$ 156.91		1,932.89
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				17,647.26		14,282.41
Drunk Driving Enforcement Grant	3,711.55				120.00	\$ 196.56	3,394.99
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	77,128.84						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

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-15  
Sheet #3

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ENC.</u> <u>DEC. 31</u> <u>2017</u>	<u>TRANSFERRED</u> <u>FROM 2018</u> <u>BUDGET</u>	<u>CH 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2018</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
Historic Preservation Grant-Cornelius Stoothoff House		\$ 10,766.37			\$ 3,384.60	\$ 7,381.77	
Green Acres - Middlebush Park Improvements	\$ 36,319.00						\$ 36,319.00
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		0.00
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
Local Arts Program	154.05						154.05
CDBG 2011	35,614.39						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
Click It or Ticket	4,000.00						4,000.00
Juvenile Assistance Grant - Edward Byrne	15.82						15.82
CDBG 2012	46,758.78	5,341.00			(6,297.15)	267.00	58,129.93
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	3,194.88	702.25			3,194.88	702.25	
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	581.23	5,749.78				5,749.78	581.23
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	100,291.56	375.00			52,401.60	30,266.50	17,998.46
CDBG 2014	2,735.68	1,152.51				1,080.00	2,808.19
Municipal Aid JFK Blvd.	30,000.00						30,000.00
2015							
Municipal Alliance Grant 14/15	44,672.90	1,629.17				1,629.17	44,672.90
Municipal Alliance Grant 15/16	1,182.69	7,351.40			2,237.96	4,957.84	1,338.29
Clean Communities	62,868.60	57.50			32,017.76		30,908.34
Click It or Ticket	75.00						75.00
2015 CDBG	14,031.90	24,317.26			(4,257.50)	22.26	42,584.40
Recycling Tonnage Grant	59,249.52						59,249.52
Summer Food Service Program	1,181.78	1,917.14				1,917.14	1,181.78
Investors Foundation	2,353.32	879.22			1,515.32	800.50	916.72
NJ Historic Trust Stothoff/Cornelius	43,875.00						43,875.00

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-15  
Sheet #4

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>BUDGET YEAR/PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>ENC.</u> <u>DEC. 31</u> <u>2017</u>	<u>TRANSFERRED</u> <u>FROM 2018</u> <u>BUDGET</u>	<u>CH 159</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>ENC</u> <u>DEC. 31</u> <u>2018</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
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							
Recycling Tonnage Grant	43,337.00				\$ 43,337.00		
Emergency Management Agency Assistance Program	9,400.00				9,400.00		
Municipal Alcohol Ed/Rehab Grant	966.90						966.90
Drive Sober or Get Pulled Over	2,220.94						2,220.94
Community Development Block Grant (CDBG)	67,655.70	\$ 18,073.48			54,071.80	\$ 6,928.48	24,728.90
NJ Dept of Law & Public Safety - Hazard Mitigation Grant Program							
Energy Allocation Initiative		30,851.00			30,851.00		
Municipal Alliance on Alcoholism and Drug Abuse	293.75	3,288.73			170.20	2,396.90	1,015.38
Youth Service Grant	195.97	155.95			351.92		
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				4,592.50	5,407.50	
NJ DEP - Clean Communities Grant	120,106.99	425.00			425.00		120,106.99
Investors Foundation Grant	9,755.31	52.16			3,662.47	52.16	6,092.84
NJDOA Summer Food Program	7,465.65	30.84				30.84	7,465.65
Click It or Ticket	3,185.00						3,185.00
2017							
Recycling Tonnage Grant	38,676.00						38,676.00
CDBG Grant	108,960.20	126,588.31			182,275.34	53,198.66	74.51
NJDEP - Clean Communities Grant	128,063.94				5,000.00		123,063.94
Rec Opportunities Individuals Disab	5,564.28				1,301.55		4,262.73
Youth Services Annual Grant (Somerset County)	3,815.58	148.89			1,714.82	732.97	1,516.68
Summer Food Service Lunch Program	2,598.10	25.18				25.18	2,598.10
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	31,742.40	9,090.60			30,874.63	3,884.99	6,073.38
2018							
Recycling Tonnage Grant			\$ 31,509.00				31,509.00
Municipal Alliance Grant 18/19			10,621.81	\$ 42,483.25	3,921.76	19,827.15	29,356.15
Investors Foundation Grant				5,000.00			5,000.00
Municipal Youth Service Grant				5,000.00			5,000.00
NJDEP - Clean Communities Grant				122,513.50			122,513.50
Community Development Block Grant (CDBG)				255,415.00	8,856.80	62,853.00	183,705.20
Emergency Management Agency Assistance Program				10,000.00	10,000.00		
NJDOA Summer Food Program				9,987.38	6,388.09	2,389.29	1,210.00
	<u>\$ 4,582,112.56</u>	<u>\$ 253,518.61</u>	<u>\$ 42,130.81</u>	<u>\$ 450,399.13</u>	<u>\$ 1,005,512.92</u>	<u>\$ 215,899.76</u>	<u>\$ 4,106,748.43</u>
<u>Ref.</u>	<u>A</u>	<u>A</u>	<u>A-3, A-16</u>	<u>A-3, A-16</u>	<u>Below</u>	<u>A</u>	<u>A</u>
				<u>Ref.</u>			
			Cash Disbursed	A-4	\$ 537,012.92		
			Due to General Capital F	A-16	<u>468,500.00</u>		
				<u>Above</u>	<u>\$ 1,005,512.92</u>		

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-16

SCHEDULE OF INTERFUNDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance - Dec. 31, 2017	A	\$ 5,328.09	\$ 5,328.09	
Increased by:				
Grant Revenue Realized	A-2	481,908.13	481,908.13	
Funds Disbursed on behalf	A-15	468,500.00		\$ 468,500.00
Funds Received (Net)	A-4	<u>11,993.62</u>	<u>11,993.62</u>	
Subtotal		<u>962,401.75</u>	<u>493,901.75</u>	<u>468,500.00</u>
Decreased by:				
Grants Appropriated	A-15	<u>492,529.94</u>	<u>492,529.94</u>	
		<u>492,529.94</u>	<u>492,529.94</u>	<u>-</u>
Balance - Dec. 31, 2018	A	<u>\$ 475,199.90</u>	<u>\$ 6,699.90</u>	<u>\$ 468,500.00</u>

TOWNSHIP OF FRANKLIN  
TRUST FUND

B-2

SCHEDULE OF ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS  
FOR YEAR ENDED DECEMBER 31, 2018

	Balance <u>December 31, 2017</u>	Cash Receipts <u>Miscellaneous</u>	Balance <u>December 31, 2018</u>
Fund Balance	<u>\$ 782,007.21</u>	<u>\$ 6,656.71</u>	<u>\$ 788,663.92</u>
	<u><u>\$ 782,007.21</u></u>	<u><u>\$ 6,656.71</u></u>	<u><u>\$ 788,663.92</u></u>
<u>Ref.</u>	B	B-1	B



TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

B-3

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Confirmation Date</u>	<u>Due Dates</u>	<u>Balance December 31, 2018</u>	<u>Balance December 31, 2017</u>
Improv. to the Sanitary Sewer System	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	11,794.62	11,794.62
				<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 B-4  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance December 31, 2018</u>	<u>Balance December 31, 2017</u>
<u>Assessments and Liens:</u>			
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

B-5

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Balance, December 31, 2017	<u>Ref.</u> B	\$ 266,675.25
Increased by:		
Dog license fees collected		36,502.80
Cat license fees collected		422.00
Budget appropriation		30,840.00
Shelter Fees / Donations / Other Fees		<u>72,965.98</u>
	B-6	140,730.78
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash disbursed	B-6	106,525.74
Statutory Excess Due to Current Fund	B-6	<u>29,657.32</u>
Balance, December 31, 2018	B	<u><u>\$ 271,222.97</u></u>
 <b><u>Maximum Reserve Calculation</u></b>		
License fees collected:		
2017	PY	\$ 113,125.88
2016	PY	<u>158,097.06</u>
	B	<u><u>\$ 271,222.94</u></u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

B-6  
Sheet #1

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance	Cash		Adjustments	Balance
	December 31, 2017,	Receipts	Disbursements		December 31, 2018
<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>782,007.21</u>	<u>\$ 6,656.71</u>			<u>788,663.92</u>
<b>Total</b>	<u>782,007.21</u>	<u>6,656.71</u>			<u>788,663.92</u>
<b>Animal Control:</b>					
Due (from)/to Current Fund			\$ 3.45	\$ 29,657.32	29,660.77
Due NJ - State License Fees	602.40	4,084.80	(3,781.80)		905.40
Reserve for Encumbrances	3,210.00				3,210.00
Animal Control Reserves	<u>266,675.22</u>	<u>140,730.81</u>	<u>(106,525.74)</u>	<u>(29,657.32)</u>	<u>271,222.97</u>
<b>Total</b>	<u>270,487.62</u>	<u>144,815.61</u>	<u>(110,304.09)</u>	<u>-</u>	<u>304,999.14</u>
<b>Trust - Other Funds:</b>					
Escrow Funds and Reserves	14,291,869.08	7,166,025.24	(7,979,609.91)		13,478,284.41
Due (from)/to Current Fund	182,631.57	111,970.24			294,601.81
Reserve for Encumbrances	<u>77,644.53</u>		<u>(30,525.05)</u>		<u>47,119.48</u>
<b>Total</b>	<u>14,552,145.18</u>	<u>7,277,995.48</u>	<u>(8,010,134.96)</u>		<u>13,820,005.70</u>
<b>Unemployment Insurance Trust:</b>					
Unemployment Benefits Reserve	<u>1,236,442.22</u>	<u>10,588.76</u>	<u>(49,829.90)</u>		<u>1,197,201.08</u>
<b>Total</b>	<u>1,236,442.22</u>	<u>10,588.76</u>	<u>(49,829.90)</u>		<u>1,197,201.08</u>
<b>Self Insurance Trust Fund:</b>					
Other Insurance Reserves	347,169.74	178,048.84	(103,618.96)		421,599.62
Due (from)/to Current Fund	3,181.20	8,709.03			11,890.23
Environmental Protection	99,753.77				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>1,051,299.55</u>	<u>186,757.87</u>	<u>(103,618.96)</u>		<u>1,134,438.46</u>
<b>Open Space Trust Fund:</b>					
Open Space Trust Reserve	8,493,522.73	5,717,132.67	(5,572,394.07)		8,638,261.33
Due (from)/to Current Fund	(14,842.00)	38.00			(14,804.00)
Due (from)/to General Capital	5,954,129.00	1,719,929.00	(8,087,266.41)		(413,208.41)
Accounts Payable	1,864.15				1,864.15
Deferred Charges - Funded	(15,140,000.00)	1,945,000.00			(13,195,000.00)
Serial Bonds Payable	15,140,000.00	(1,945,000.00)			13,195,000.00
Reserve for Encumbrances	<u>330,100.83</u>				<u>330,100.83</u>
<b>Total</b>	<u>14,764,774.71</u>	<u>7,437,099.67</u>	<u>(13,659,660.48)</u>		<u>8,542,213.90</u>
<b>Workers Compensation Trust:</b>					
Workers' Compensation Reserve	<u>790,569.21</u>	<u>227,575.45</u>	<u>(54,362.43)</u>		<u>963,782.23</u>
<b>Total</b>	<u>790,569.21</u>	<u>227,575.45</u>	<u>(54,362.43)</u>		<u>963,782.23</u>
<b>Recreation:</b>					
Recreation Programs	859,911.20	493,585.54	(544,364.34)		809,132.40
Due (from)/to Current Fund	3,696.16	8,487.34	(349.46)		11,834.04
Reserve for Encumbrances	<u>69,024.79</u>				<u>69,024.79</u>
<b>Total</b>	<u>932,632.15</u>	<u>502,072.88</u>	<u>(544,713.80)</u>		<u>889,991.23</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

B-6  
Sheet #2

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance	Cash		Adjustments	Balance
	<u>December 31, 2017.</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>December 31, 2018</u>
Developers' Escrow:					
Developers' Escrows (Net Activity)	\$ 1,580,566.57	\$ 489,257.94	\$ (371,139.05)		\$ 1,698,685.46
Total	<u>1,580,566.57</u>	<u>489,257.94</u>	<u>(371,139.05)</u>		<u>1,698,685.46</u>
Historical Preservation Trust:					
Historical Preservation Reserve.	<u>158,479.16</u>	<u>1,376.58</u>			<u>159,855.74</u>
Total	<u>158,479.16</u>	<u>1,376.58</u>			<u>159,855.74</u>
Tax Collector's Trust:					
Tax Title Lien Redemptions	1,166.77	2,009.58			3,176.35
Premiums Received at Tax Sale	<u>4,768,300.00</u>		<u>(1,727,692.00)</u>		<u>3,040,608.00</u>
Total	<u>4,769,466.77</u>	<u>2,009.58</u>	<u>(1,727,692.00)</u>		<u>3,043,784.35</u>
Payroll and Payroll Agency:					
Payroll & Deductions Payable (Net)	366,330.63	47,960,417.01	(47,587,623.15)		739,124.49
Due (from)/to Current Fund	<u>115,946.79</u>	<u>8,824.57</u>	<u>(65,946.79)</u>		<u>58,824.57</u>
Total	<u>482,277.42</u>	<u>47,969,241.58</u>	<u>(47,653,569.94)</u>		<u>797,949.06</u>
Affordable Housing Trust Fund:					
Reserve of Affordable Housing	<u>3,994,593.65</u>	<u>331,279.36</u>	<u>(304,648.16)</u>		<u>4,021,224.85</u>
Total	<u>3,994,593.65</u>	<u>331,279.36</u>	<u>(304,648.16)</u>		<u>4,021,224.85</u>
Flexible Spending Account:					
Reserve for Flexible Spending	<u>2,709.25</u>	<u>33,192.90</u>	<u>(27,457.10)</u>		<u>8,445.05</u>
Total	<u>2,709.25</u>	<u>33,192.90</u>	<u>(27,457.10)</u>		<u>8,445.05</u>
Police Forfeiture Fund:					
Reserve for Police Forfeiture	<u>79,560.70</u>	<u>15,740.74</u>	<u>(10,130.08)</u>		<u>85,171.36</u>
Total	<u>79,560.70</u>	<u>15,740.74</u>	<u>(10,130.08)</u>		<u>85,171.36</u>
Total	<u>\$ 45,448,011.37</u>	<u>\$ 64,635,661.11</u>	<u>\$ (72,627,260.95)</u>	<u>\$ -</u>	<u>\$ 37,456,411.53</u>
	<u>Ref.</u>	<u>B</u>			<u>B</u>

TOWNSHIP OF FRANKLIN  
TRUST FUND

B-7

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities of Bonds at December 31, 2018</u>		<u>Interest Rate</u>	<u>Balance December 31, 2017</u>	<u>DECREASED</u>	<u>Balance December 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation Refunding Bonds, Open Space - Series 2014	7/1/2014	\$ 6,795,000.00	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%	\$ 5,685,000.00	\$ 1,140,000.00	\$ 4,545,000.00
General Obligation Bonds, Open Space - Series 2014	11/1/2014	3,560,000.00	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%	2,955,000.00	205,000.00	2,750,000.00
General Obligation Bonds, Open Space - Series 2017	12/20/2017	6,500,000.00	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	600,000.00	5,900,000.00
						<u>\$ 15,140,000.00</u>	<u>\$ 1,945,000.00</u>	<u>\$ 13,195,000.00</u>
					<u>Ref.</u>	B	B-6	B

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

B-8

Acct. No.	Purpose	Balance	Encumbrances		Encumbrances		Balance
		December 31, 2017	December 31, 2017	Increases	Decreases	December 31, 2018	December 31, 2018
801	CDBG Housing Rehab	\$ 76,907.66		\$ 124,065.40	\$ 163,615.00		\$ 37,358.06
802	Water Meters	135,927.80	\$ 715.00	17,632.30	22,284.50	\$ 715.00	131,275.60
803	Street Openings	325,166.25	750.00	329,168.00	6,932.00	1,500.00	646,652.25
804	Site Plan Performance	2,572,124.65	5,000.00	210,000.26	1,013,422.83	5,000.00	1,768,702.08
805	Surety Cash	304,223.81		21,417.00	227,184.41		98,456.40
806	Monument Monies	77,910.00		350.00			78,260.00
807	Special Events - Clerk's Office	7,450.00					7,450.00
808	Maintenance Guarantees	352,304.18			16,526.70		335,777.48
809	Parkland Dedication	361,377.13	1,094.00			1,094.00	361,377.13
810	Infrastructure Improvements	47,106.50		7,068.00			54,174.50
811	Outside Jobs	906,716.20		2,024,242.17	2,061,969.26		868,989.11
802-804	Reserve Private Developer Donation	358,698.27	425.50	0.32		425.50	358,698.59
812	Snow Removal Trust	727,119.49		77,853.65	188,000.00		616,973.14
813	Accumulated Sick and Vacation	2,090,897.24		750,000.00	757,166.84	180.56	2,083,549.84
815	Off-Tract	191,165.16			12,643.22		178,521.94
816	Parkland Canal Walk LLC	233,259.40					233,259.40
817	NPP Housing	600.00					600.00
824	Veterans Memorial	9,165.59					9,165.59
827	Escrow Miscellaneous	87,656.52					87,656.52
828	Booster Station	5,346.44					5,346.44
829	Summer Child Care	18.72	2,006.73	3,015.00	3,893.92	648.94	497.59
830	Community Resource Donation	4.51					4.51
832	Community Resource Trips	162.99	125.56	2,300.00	2,385.52	125.56	77.47
834	Tree Planting	82,167.72	62,039.70	22,625.00	57,500.74	15,605.71	93,725.97
836	Dental & Medical CoPay	4,787,853.64		3,225,935.97	3,187,655.71		4,826,133.90
837	Bid Security	111,002.07		5,089.00	9,858.30		106,232.77
838	POAA	4,165.29		450.00			4,615.29
839	Public Defender Fees	2,403.65	2,920.69	24,377.00	25,320.69	2,200.00	2,180.65
840	Fire Prevention	1,828.94	100.00	9,000.00	200.00	1,406.00	9,322.94
841	Penalty Fire District 1	1,201.71					1,201.71
842	Penalty Fire District 2	5,087.50					5,087.50
843	Penalty Fire District 3	650.00		400.00			1,050.00
844	Penalty Fire District 4	315.67					315.67
845	Uniform Fire Safety Penalty	51,885.56	2,000.72	34,808.00	15,495.52	16,574.58	56,624.18
846	Adopt A Cop Trading Card	4.71					4.71
847	Bullet Proof Vests	14,345.07	44.13	450.00		44.13	14,795.07
848	Operation Cooperation	350.00					350.00
850	Defibrillator Donations	2,359.12		100.00			2,459.12
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	7,111.07					7,111.07
860	Bond and Coupon Account	4,366.80			1,878.63		2,488.17
861	Public Assistance Indent Burials	75,935.50					75,935.50
862	Parking Improvements Payments in Lieu	161,950.00		37,300.00			199,250.00
864	Special Master Fee - Petition Judgment		422.50	11,500.00	9,323.00	1,599.50	1,000.00
865	Canal Walk In Lieu of Bikepath Constr.	62,600.00					62,600.00
		<u>\$ 14,291,869.08</u>	<u>\$ 77,644.53</u>	<u>\$ 6,939,147.07</u>	<u>\$ 7,783,256.79</u>	<u>\$ 47,119.48</u>	<u>\$ 13,478,284.41</u>

Ref.

B

B

B-6

B-6

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B

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	C		\$ 689,807.20
Increased by Receipts:			
Interfunds	C-7	\$ 15,678,426.88	
Various Reserves	C-11	<u>1,041.84</u>	
			<u>15,679,468.72</u>
			<u>16,369,275.92</u>
Decreased by Disbursements:			
Interfunds	C-7	468,500.00	
Improvement Authorizations	C-8	<u>5,569,047.30</u>	
			<u>6,037,547.30</u>
Balance - December 31, 2018	C		<u><u>\$ 10,331,728.62</u></u>



TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Fund Balance	\$ 2,651.08	\$ 2,694,525.46
Capital Improvement Fund	50,189.74	50,189.74
Improvement Authorizations Funded	9,426,403.24	8,188,853.29
Improvement Authorizations Expended - Not Funded	(5,224,671.65)	(1,911,215.21)
Various Receivables	(59,756.24)	(59,756.24)
Interfunds Receivable	(468,500.00)	(11,679,034.10)
Reserve for Encumbrances	3,917,386.10	2,951,220.94
Interfunds Payable	2,231,961.19	
Various Reserves	456,065.16	455,023.32
	<u>\$ 10,331,728.62</u>	<u>\$ 689,807.20</u>
<u>Ref.</u>	C	C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS GRANTS AND OTHER RECEIVABLES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance</u> <u>Dec. 31, 2018</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  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Energy Lease</u>
Balance - December 31, 2017	C	\$ 22,924,951.26	\$ 22,125,000.00	\$ 799,951.26
Decreased by:				
Budget Appropriations to Pay Debt	C-9, C-10	<u>(3,319,494.03)</u>	<u>(3,250,000.00)</u>	<u>(69,494.03)</u>
Balance - December 31, 2018	C	<u>\$ 19,605,457.23</u>	<u>\$ 18,875,000.00</u>	<u>\$ 730,457.23</u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2018

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2017	AUTHORIZED 2018	CANCELLED	ANALYSIS OF BALANCE - DEC. 31, 2018		
					BALANCE DEC. 31, 2018	EXPENDI- TURES	UNEXPENDED. BAL. OF IMPR. AUTH.
	<u>General Improvements</u>						
3474	Construction of Veterans Memorial	\$ 47.00		\$ 47.00			
3811	2009 Road Overlay Program	47,287.06			\$ 47,287.06	\$ 47,287.06	
3819	Repaving of Municipal Parking Lot	214,674.61		195,947.76	18,726.85	18,726.85	
3822	Various Capital Improvements - FY2009	134,705.00		38,006.95	96,698.05	33,727.43	\$ 62,970.62
3876	2010 Road Overlay Program	198,500.00		198,500.00			
3922-11	New Telephone System (Amended)	17,400.00		17,397.08	2.92	2.92	
3941	Document Imaging Project	905.00		905.00			
3963	2012 Road Overlay Program	266,500.00		266,500.00			
3981	Various Technology Improvements	58,700.00		35,133.32	23,566.68	23,566.68	
3982	2012 Road Resurfacing Program	649,550.00		649,543.04	6.96	6.96	
4026	2013 Road Overlay Program	415,500.00		415,392.12	107.88	107.88	
4029	Improvements to Middlebush Park	250.00			250.00		250.00
4062	2014 Road Resurfacing Program	160,000.00		125,000.00	35,000.00	35,000.00	
4063	Various Capital Improvements	71,900.00			71,900.00	7,251.20	64,648.80
4107	2015 Road Resurfacing Program	169,500.00			169,500.00		169,500.00
4108	Various Capital Improvements - 2015	474,400.00		51,490.25	422,909.75	153,945.32	268,964.43
4140	Various Capital Improvements - 2016	753,750.00			753,750.00		753,750.00
4141	2016 Road Resurfacing Program	1,402,000.00			1,402,000.00	1,388,931.07	13,068.93
4142	Improv. & Equip Var. Parks - Open Space	2,452,750.00			2,452,750.00		2,452,750.00
4189	Various 2017 Capital Improv. and Equip. Acquis.	2,455,522.00			2,455,522.00	2,047,366.08	408,155.92
4190	2017 Road Resurfacing Program	470,300.00			470,300.00		470,300.00
4191	Imprvs. to and Equip. Acquis. for Var. Parks (Open Space	646,323.00			646,323.00	460,831.35	185,491.65
4192	Imprvs. to Various Historic Houses	644,328.00			644,328.00	67,114.08	577,213.92
4232	Various 2018 Capital Improvements and Equip. Acquis.		\$ 1,502,900.00		1,502,900.00	940,806.77	562,093.23
		<u>\$ 11,704,791.67</u>	<u>\$ 1,502,900.00</u>	<u>\$ 1,993,862.52</u>	<u>\$ 11,213,829.15</u>	<u>\$ 5,224,671.65</u>	<u>\$ 5,989,157.50</u>
	<u>Ref.</u>	C	C-8, C-13	C-8, C-13	C	C-3	C-8

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>OPEN SPACE TRUST FUND</u>	<u>GRANT FUND</u>
Balance - Dec. 31, 2017					
Due From	C	\$ (11,679,034.10)	\$(5,724,905.10)	\$ (5,954,129.00)	
Adjustments:					
Funds Received	C-2	15,678,426.88	7,782,757.88	7,895,669.00	
Funding for Ordinances	C-8	(1,941,540.00)		(1,941,540.00)	
Canceled Improv. Auth.	C-8	413,208.41		413,208.41	
Subtotal		<u>14,150,095.29</u>	<u>7,782,757.88</u>	<u>6,367,337.41</u>	
Decreased by:					
Grant Fund Expended	C-2	(468,500.00)			\$ (468,500.00)
Capital Improv. Fund	C-12	(239,100.00)	(239,100.00)		
		<u>(707,600.00)</u>	<u>(239,100.00)</u>	<u>-</u>	<u>(468,500.00)</u>
Balance - Dec. 31, 2018					
Due From	C	<u>\$ (468,500.00)</u>			<u>\$ (468,500.00)</u>
Due To	C	<u>\$ 2,231,961.19</u>	<u>\$ 1,818,752.78</u>	<u>\$ 413,208.41</u>	<u>\$ -</u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE - DEC. 31, 2017		2018 AUTHOR.			RESERVE FOR ENCUMBRANCES DEC. 31, 2017	PAID OR CHARGED	RESERVE FOR ENCUMBRANCES DEC. 31, 2018	CANCELED	BALANCE - DEC. 31, 2018	
				FUNDED	UNFUNDED	CAP IMPROV.	DEF UNFUNDED	OTHER					FUNDED	UNFUNDED
<u>General Improvements:</u>														
3364	Amended	2/11/03	\$ 171,150.00	\$ 2,492,040.39									\$ 2,492,040.39	
3247/	Library Expansion -	10/23/01	6,100,000.00											
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 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								193.00	
3606	Trunked Radio System	4/29/06	3,500,000.00					\$ 506,401.58	\$ 506,401.58					
3691	Various Capital Improvements	2006	900,000.00	182,292.24					11,305.40	\$ 3.50		43,764.28	127,219.06	
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	1,756.55	47,287.06					47,285.12			1,758.49	
3819	Repaving of Municipal Parking Lot	3/24/09	525,164.61		195,947.76			18,728.40		18,728.40			195,947.76	
3822	Various Capital Improvements - FY2009	4/14/09	714,500.00		101,257.04			32,600.00		32,879.47			38,006.95	\$ 62,970.62
3876	2010 Road Overlay Program	4/13/10	660,000.00	296.52	198,500.00								198,796.52	
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	
3935-11	Various Energy Improvements (Energy Grant)	5/10/11	1,760,000.00					119,301.90		12,727.00			106,574.90	
3941	Document Imaging	7/12/11	390,426.00	57,956.03	905.00								58,861.03	
3963	2012 Road Overlay Program	2012	2,485,000.00	22,933.47	266,500.00								289,433.47	
3964	Amend Ord. 3260 Improv. To Middlebush Park	2012	225,000.00	43,690.69				22,688.50		47,190.69	19,188.50			
3975	Construction of Synthetic Turf Fields	2012	4,000,000.00	11,263.21				78.57		11,341.78				
3976	Reconstruction of Basketball Courts at Inamn Park	2012	125,000.00	19,980.00									19,980.00	
3981	Various Technology Improvements	2012	396,000.00		57,395.92			1,381.02		23,643.62			35,133.32	
3982	2012 Road Resurfacing Program	2012	2,700,000.00	645,849.83				3,693.21					649,543.04	
3988	Acq. Of Surveillance System	2012	450,000.00	93,932.10				819.99		2,952.11			74,133.32	17,666.66
4026	2013 Road Overlay Program	8/08/13	2,750,000.00		403,867.03			11,525.09					415,392.12	
4027	2013 Various Capital Improvements	7/16/13	1,033,000.00	133,933.47				58,585.18		110,635.57			75,885.48	3,486.84
4029	Improvements to Middlebush Park	8/08/13	3,675,000.00	65,981.30	250.00			153,127.72			130,638.88		88,470.14	250.00
4062	2014 Road Resurfacing Program	6/24/14	2,500,000.00	501.99	160,000.00					35,501.99			125,000.00	
4063	Various Capital Improvements	6/24/14	581,000.00	63,645.91				20,815.13			19,812.24			64,648.80
4071	Acquisition of Skillmans Lane. Property	2014	259,350.00	259,350.00									259,350.00	
4072	Improvements to Castleton Park	2014	275,000.00	136,000.00									136,000.00	
4097	Construction and Installation of 9/11 Memorial	2014	18,508.40	83.07				192.29			192.29		83.07	
4107	2015 Road Resurfacing Program	6/18/15	2,550,000.00	29,389.46	169,500.00			10,023.94		(18,148.89)			57,562.29	169,500.00
4108	Various Capital Improvements	6/18/15	1,466,000.00	360,022.17				192,318.41		46,906.75		184,979.15	51,490.25	268,964.43
4110	Acquisition of Safety Equipment and Vehicles	6/18/15	450,000.00	31,559.23				6,342.45		9,207.00		28,694.68		
4111	Improvements and Equipment for Various Parks	7/02/15	1,037,000.00	261,587.42				117,233.75		1,696.32		114,036.25	43,225.68	219,862.92
4129	Acquisition of Property - Open Space	2/23/16	1,111,165.00	47,821.70									47,821.70	
4140	Various Capital Improvements	4/12/16	1,402,500.00	2,846.89	753,750.00			5,906.00		2,196.00		3,710.00	2,846.89	753,750.00
4141	2016 Road Resurfacing Program	4/12/16	1,630,000.00		1,329,752.05			35.26		605,772.44		710,945.94		13,068.93
4142	Improv. & Equip Var. Parks - Open Space	4/12/16	4,156,500.00	943,470.00	2,452,750.00			181,875.50		220,603.75		15,631.75	889,110.00	2,452,750.00
4144	Acq. of Vehicles, Var. Equip., Building and Sidewalks	4/12/16	2,852,316.00	64,475.00				82,910.65		77,314.54		5,596.11	64,475.00	
4146	Improv. & Equip for Var. Parks - Open Space	4/12/16	800,000.00	27,144.80				49,456.94		41,667.79		29,149.25	5,784.70	
4161	Acq. of Belmar/Waldorf St. Property - Open Space	8/09/16	158,000.00	8,257.00								8,257.00		
4174	Acquis. of Bl. 282, Lt. 9 at 17 Waldorf St.	2/28/17	145,600.00	145,600.00						116,312.00			29,288.00	
4176	Acquis. of Property Bl. 11.01, Lt. 1.01	2/28/17	511,600.00	510,426.80									510,426.80	
4189	Various 2017 Capital Improv. and Equip. Acquis.	4/11/17	2,754,450.00		1,310,418.10			903,451.69		1,384,613.78		421,100.09		408,155.92

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE - DEC. 31, 2017		2018 AUTHOR.			RESERVE FOR ENCUMBRANCES DEC. 31, 2017	PAID OR CHARGED	RESERVE FOR ENCUMBRANCES DEC. 31, 2018	CANCELED	BALANCE - DEC. 31, 2018	
				FUNDED	UNFUNDED	CAP IMPROV.	DEF UNFUNDED	OTHER					FUNDED	UNFUNDED
4190	2017 Road Resurfacing Program	4/11/17	\$ 3,324,000.00	\$ 1,481,605.11	\$ 470,300.00				\$ 21,802.72	\$ 57,160.12	\$ 22,879.92		\$ 1,423,367.79	\$ 470,300.00
4191	Imprvs. to and Equip. Acquis. for Var. Parks (Open Space)	4/11/17	680,340.00		203,230.15				341,651.03	358,559.92	829.61			185,491.65
4192	Imprvs. to Various Historic Houses (Open Space)	4/11/17	678,240.00		585,004.36				74,235.02	21,833.31	60,192.15			577,213.92
4194	Purch. of Security Cameras and Soccer Goal Replacement	4/11/17	35,000.00	10,889.25					8,220.00	8,220.00			10,889.25	
4196	Acquis. and Replacement of Computer Equipment	4/11/17	93,000.00	70,839.84					5,819.00	24,065.40	7,987.15		44,606.29	
4224	Purchase of Develop. Easement - Gund Prop. (Open Space)	4/24/18	435,540.00					\$ 435,540.00					435,540.00	
4230	Various Capital Acquisitions and Improvements	4/24/18	2,306,418.00			\$ 160,000.00		2,146,418.00		647,701.18	320,847.71		1,337,869.11	
4232	Various 2018 Capital Improvements and Equip. Acquis.	4/24/18	1,582,000.00			79,100.00	\$ 1,502,900.00			340,062.24	679,844.53			562,093.23
4234	Various Capital Acquisitions and Improvements (Open Space)	4/24/18	1,506,000.00					1,506,000.00		762,710.92	168,615.64		574,673.44	
4236	Youth Center Architecture & Engineering Costs	6/13/18	970,000.00					970,000.00			970,000.00			
			<u>\$ 8,188,853.29</u>	<u>\$ 9,793,576.46</u>	<u>\$ 239,100.00</u>	<u>\$ 1,502,900.00</u>	<u>\$ 5,057,958.00</u>	<u>\$ 2,951,220.94</u>	<u>\$ 5,569,047.30</u>	<u>\$ 3,917,386.10</u>	<u>\$ 2,831,614.55</u>		<u>\$ 9,426,403.24</u>	<u>\$ 5,989,157.50</u>
	<u>Ref.</u>		C	C	C-12	C-6	Below	C	C-2	C	Below		C	C, C-6
						<u>Ref.</u>				<u>Ref.</u>				
					Fund Balance	C-1	\$ 3,116,418.00	Fund Balance		C-1	\$ 424,543.62			
					Interfunds	C-7	1,941,540.00	Interfund-Open Space		C-7	413,208.41			
						Above	<u>\$ 5,057,958.00</u>	Deferred Charges - Unfunded		C-6	1,993,862.52			
										Above	<u>\$ 2,831,614.55</u>			

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds	6/15/2010	\$ 9,550,000.00				\$ 1,400,000.00	\$ 1,400,000.00	
General Improvement Bonds	11/7/2014	9,620,000.00	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%	8,000,000.00	750,000.00	\$ 7,250,000.00
General Improvement Bonds	12/20/2017	12,725,000.00	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%			
			12/15/2030	1,000,000.00	3.000%			
			12/15/2031	1,000,000.00	3.000%			
			12/15/2032	1,000,000.00	3.000%			
						<u>12,725,000.00</u>	<u>1,100,000.00</u>	<u>11,625,000.00</u>
						<u>\$ 22,125,000.00</u>	<u>\$ 3,250,000.00</u>	<u>\$ 18,875,000.00</u>
					<u>Ref.</u>	C	C-5	C



TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

<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, 2017</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2018</u>
				<u>DATE</u>	<u>AMOUNT</u>			
Energy Efficient Equipment	\$1,132,878.21	9/7/12	3.7529%	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	\$ 799,951.26	\$ 69,494.03	\$ 730,457.23
						<u>\$ 799,951.26</u>	<u>\$ 69,494.03</u>	<u>\$ 730,457.23</u>
						C	C-5	C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Increases</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
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	14,325.10	\$ 1,041.84	15,366.94
Developers Agreement	33,565.00		33,565.00
Franklin Township Library	24,632.00		24,632.00
	<u>\$ 455,023.32</u>	<u>\$ 1,041.84</u>	<u>\$ 456,065.16</u>
<u>Ref.</u>	C	C-2	C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 50,189.74
Increased by:		
Budget Appropriation	C-7	<u>239,100.00</u>
		289,289.74
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>239,100.00</u>
Balance - December 31, 2018	C	<u><u>\$ 50,189.74</u></u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>ORD.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>AUTHORIZED</u> <u>2018</u>	<u>IMPROV. AUTHS.</u> <u>CANCELLED/ADJ.</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>
<u>General Improvements</u>					
3474	Construction of Veterans Memorial	\$ 47.00		\$ 47.00	
3811	2009 Road Overlay Program	47,287.06			\$ 47,287.06
3819	Repaving of Municipal Parking Lot	214,674.61		195,947.76	18,726.85
3822	Various Capital Improvements - FY2009	134,705.00		38,006.95	96,698.05
3876	2010 Road Overlay	198,500.00		198,500.00	
3922-11	New Telephone System (Amended)	17,400.00		17,397.08	2.92
3941-11	Document Imaging Project	905.00		905.00	
3963	2012 Road Overlay Program	266,500.00		266,500.00	
3981	Various Technology Improvements	58,700.00		35,133.32	23,566.68
3982	2012 Road Resurfacing Program	649,550.00		649,543.04	6.96
4026	2013 Road Overlay Program	415,500.00		415,392.12	107.88
4029	Improvements to Middlebush Park	250.00			250.00
4062	2014 Road Resurfacing Program	160,000.00		125,000.00	35,000.00
4063	Various Capital Improvements	71,900.00			71,900.00
4107	2015 Road Resurfacing Program	169,500.00			169,500.00
4108	Various Capital Improvements - 2015	474,400.00		51,490.25	422,909.75
4140	Various Capital Improvements - 2016	753,750.00			753,750.00
4141	2016 Road Resurfacing Program	1,402,000.00			1,402,000.00
4142	Improv. and Equip Var. Parks - Open Space	2,452,750.00			2,452,750.00
4189	Various 2017 Capital Improv. and Equip. Acquis.	2,455,522.00			2,455,522.00
4190	2017 Road Resurfacing Program	470,300.00			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
4232	Various 2018 Capital Improvements and Equip. Acquis.		\$ 1,502,900.00		1,502,900.00
		<u>\$ 11,704,791.67</u>	<u>\$ 1,502,900.00</u>	<u>\$ 1,993,862.52</u>	<u>\$ 11,213,829.15</u>
	<u>Ref.</u>	C	C-6	C-6	C

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-6

SCHEDULE OF CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2017	D	\$11,502,205.10	\$13,657,002.35
Increased by Receipts:			
Treasurer - Misc. Revenue	D-3, D-5	\$ 160,303.00	
Collector - Misc. Revenue	D-3	1,084,789.72	
Water Rent Collections	D-10	11,642,285.75	
Fire Service Rent Collections	D-11	1,141,268.80	
Water Lien Collections	D-12	11,994.81	
Water Rent Overpayments	D-18	34,941.97	
Prepaid Fire Service Rent Collections	D-19	1,664.58	
Miscellaneous Revenue Not Anticipated	D-1	2,556.64	
Interfunds Receivable/Payable	D-14		<u>\$ 57,774.77</u>
		<u>14,079,805.27</u>	<u>57,774.77</u>
		25,582,010.37	13,714,777.12
Decreased by Disbursements:			
Budget Expenditures	D-4	11,931,307.23	
Appropriation Reserves	D-17	796,179.99	
Water Rent Overpayments Refunded	D-18	26,251.99	
Accounts Payable	D-20	952.41	
Improvement Authorizations	D-22		<u>3,588,187.32</u>
		<u>12,754,691.62</u>	<u>3,588,187.32</u>
Balance, December 31, 2018	D	<u>\$12,827,318.75</u>	<u>\$10,126,589.80</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-7

	Balance, December 31, <u>2018 and 2017</u>
Collector	\$ <u>200.00</u>
<u>Ref.</u>	D

WATER UTILITY ASSESSMENT TRUST FUND  
SCHEDULE OF ANALYSIS OF CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-8

	Balance, December 31, <u>2018 and 2017</u>
Fund Balance	\$ <u>14,487.70</u>
<u>Ref.</u>	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-9

WATER UTILITY CAPITAL  
FUND  
SCHEDULE OF  
ANALYSIS OF CASH AND INVESTMENTS  
WATER UTILITY CAPITAL CASH  
DECEMBER 31, 2018 and 2017

	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2018</u>	<u>Balance</u> <u>December 31, 2017</u>
Fund Balance	D-2	\$ 866,335.59	\$ 1,699,288.66
Capital Improvement Fund	D-26	1,520,015.01	1,520,015.01
Improvement Authorizations Funded	D-22	3,534,028.25	9,270,588.20
Improvement Authorizations Unfunded	D-22	4,291,649.54	4,525,516.89
Bonds and Notes Authorized But Not Issued	D-29	(5,113,119.95)	(4,551,483.00)
Reserve for Encumbrances	D-22	5,183,574.06	1,406,744.06
Reserve to Pay Debt Service	D-23	67,589.50	67,589.50
Interfunds Receivable	D-14	<u>(223,482.20)</u>	<u>(281,256.97)</u>
	D	<u>\$ 10,126,589.80</u>	<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, 2018

D-10

	<u>Ref.</u>		
Balance, December 31, 2017	D		\$ 1,752,461.39
Increased by:			
Water Rents Billed (Net)	Reserve		<u>11,721,335.13</u>
			13,473,796.52
Decreased by:			
Collections	D-6	\$ 11,642,285.75	
Transfers to Liens	D-12	<u>9,553.52</u>	
			<u>11,651,839.27</u>
Balance, December 31, 2018	D		<u><u>\$ 1,821,957.25</u></u>

D-11

WATER UTILITY OPERATING FUND  
SCHEDULE OF FIRE SERVICE RENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>		
Balance, December 31, 2017	D		\$ 469,295.42
Increased by:			
Fire Service Rent Billings (Net)	Reserve		<u>1,146,672.38</u>
			1,615,967.80
Decreased by:			
Collections	D-3, D-6	\$ 1,141,268.80	
Prepays Applied	D-3	<u>661.99</u>	
Total Collections			<u>1,141,930.79</u>
Balance, December 31, 2018	D		<u><u>\$ 474,037.01</u></u>



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-12

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	D	\$ 18,629.51
Increased by:		
Transfers from:		
Water Rents	D-10	<u>9,553.52</u>
		28,183.03
Decreased by:		
Liens Adjusted	Reserve	\$ 4,548.82
Payments Received	D-3, D-6	<u>11,994.81</u>
		<u>16,543.63</u>
Balance, December 31, 2018	D	<u><u>\$ 11,639.40</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-13

WATER UTILITY OPERATING FUND  
SCHEDULE OF INTERFUNDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>Total</u>	Water Assessment <u>Trust</u>	Water Utility <u>Capital</u>
Balance, December 31, 2017	D	\$ 295,744.67	\$ 14,487.70	\$ 281,256.97
Decreased by:				
Cash Disbursed	D-3	<u>57,774.77</u>	<u>                    </u>	<u>57,774.77</u>
Balance, December 31, 2018	D	<u>\$ 237,969.90</u>	<u>\$ 14,487.70</u>	<u>\$ 339,031.74</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-14

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Operating</u>
Balance, December 31, 2017	D	281,256.97	\$ 281,256.97
Decreased by:			
Cash Received	D-6	<u>57,774.77</u>	<u>57,774.77</u>
Balance, December 31, 2018	D	<u>\$ 223,482.20</u>	<u>\$ 223,482.20</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-15

<u>Account</u>	Balance <u>December 31, 2017</u>	Additions		Balance <u>December 31, 2018</u>
		By <u>Ordinance</u>	By Budget <u>Capital Outlay</u>	
Land & Distribution Rights	\$ 271,211.76			\$ 271,211.76
Distrib. Mains & Appurt.	23,920,849.33	\$ 1,847,063.07		25,767,912.40
Meters, Meter Boxes, Vaults & Equip.	3,091,850.29		\$ 217,349.00	3,309,199.29
Fire Hydrants	283,871.91			283,871.91
Engineering Costs	1,636,234.75	136,890.00		1,773,124.75
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>\$ 1,983,953.07</u>	<u>\$ 217,349.00</u>	<u>\$ 34,650,186.47</u>
<u>Ref.</u>	D	D-16	D-4, D-27	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-16

Ord. No.	Improvement Description	Ordinance		Balance	2018	Transfer to	Authorizations	Balance
		Date	Amount	December 31, 2017	Authorizations	Fixed Capital	Cancelled	December 31, 2018
3544	Various Capital Improvements	6/8/05	\$ 1,415,383.00	\$ 1,415,383.00		\$ 1,414,198.71	\$ 1,184.29	
3608	Acq. Of Var. Vehicles and Equip.	6/13/06	397,000.00	397,000.00				\$ 397,000.00
3612	Constr. Of Steel Garage	6/13/06	55,000.00	55,000.00				55,000.00
3684	Various Capital Improvements	2006	1,848,000.00	1,848,000.00				1,848,000.00
3762	Various Capital Improvements	6/24/08	4,929,250.00	4,929,250.00			50,980.05	4,878,269.95
3823	Various 2009 Capital Improvements	4/28/09	482,000.00	482,000.00			54,500.00	427,500.00
3852/	Interconnect Water Line -	10/27/09	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		432,864.36	407,135.64	
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		136,890.00	73,110.00	
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
4231	Various Capital Acquisitions and Improvements	4/24/18	961,500.00		\$ 961,500.00			961,500.00
4233	Water Main Replacement, Cleaning and Lining	4/24/18	1,020,000.00		1,020,000.00			1,020,000.00
				\$ 22,068,233.00	\$ 1,981,500.00	\$ 1,983,953.07	\$ 586,909.98	\$ 21,478,869.95
Ref.				D	D-22	D-15	D-22	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF 2017  
APPROPRIATION RESERVES

D-17

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance</u> <u>December 31, 2017</u>	<u>Reserve for</u> <u>Encumbrances</u> <u>December 31, 2017</u>	<u>Amount</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Transferred to</u> <u>Accounts Payable</u>	<u>Balance</u> <u>Lapsed</u>
Operating:						
Salaries and Wages	\$ 167,283.47		\$ 167,283.47	\$ 29,265.88	\$ 138,017.41	\$ 0.18
Other Expenses	414,514.04	\$ 855,743.36	1,270,257.40	765,006.68	110,461.15	394,789.57
Health Benefits	1,908.00		1,908.00	1,907.43		0.57
Insurance - Other	0.23		0.23			0.23
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	0.61		0.61			0.61
Social Security System (O.A.S.I.)	243.80		243.80			243.80
	<u>\$ 583,950.15</u>	<u>\$ 855,743.36</u>	<u>\$ 1,439,693.51</u>	<u>\$ 796,179.99</u>	<u>\$ 248,478.56</u>	<u>\$ 395,034.96</u>
<u>Ref.</u>	D	D	D	D-6	D-20	D-1

D-18

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENT OVERPAYMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 85,051.95
Increased by:		
Overpayments Received	D-6	<u>34,941.97</u>
		119,993.92
Decreased by:		
Overpayments Refunded	D-6	<u>26,251.99</u>
Balance - December 31, 2018	D	<u>\$ 93,741.93</u>

D-19

WATER UTILITY OPERATING FUND  
SCHEDULE OF PREPAID FIRE SERVICE RENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 661.99
Increased by:		
Prepayments Received	D-6	<u>1,664.58</u>
		2,326.57
Decreased by:		
Prepaid Fire Service Rents Applied	D-3	<u>661.99</u>
Balance - December 31, 2018	D	<u>\$ 1,664.58</u>

D-20

WATER UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	\$ 829,598.80
Increased by:		
Charged to Approp. Reserves	D-17	<u>248,478.56</u>
		1,078,077.36
Decreased by:		
Accounts Payable Liquidated	D-6	<u>952.41</u>
Balance - December 31, 2018	D	<u>\$ 1,077,124.95</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOAN  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-21

	<u>Ref.</u>	
Balance, December 31, 2017	D	\$ 38,594.11
Decreased by:		
Adjustments to Accrued Interest	D-1	4,521.88
Balance, December 31, 2018	Below	\$ 34,072.23

Analysis of Balance - December 31, 2018

<u>Principle Outstanding December 31, 2018</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
General and Refunding Bonds:					
\$ 1,110,000.00	Various	November 15	December 31, 2018	1.5 mos.	\$ 4,856.25
5,230,000.00	Various	November 1	December 31, 2018	2 mos.	22,301.04
4,700,000.00	Various	December 20	December 31, 2018	11 days	3,961.81
Environmental Loan:					
\$ 135,000.00	Various	August 1	December 31, 2018	5 mos.	2,953.13
Total				Above	\$ 34,072.23



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-22

Ord No.	Improvement Description	ORDINANCE		Balance, December 31, 2017		2018	Encumbrances	Paid or	Canceled	Encumbrances	Balance, December 31, 2018		
		Date	Amount	Funded	Unfunded	Authorizations	December 31, 2017	Charged		December 31, 2018	Funded	Unfunded	
<u>General Improvements:</u>													
3544	Various Capital Improvements	6/08/05	\$ 1,415,383.00	\$ 801.29	\$ 383.00				\$ 1,184.29				
3608	Acq. Of Var. Vehicles and Equipment	6/13/06	397,000.00	2,316.08							\$ 2,316.08		
3684	Various 2007 Capital Improvements	2006	1,848,000.00	374,556.42	339,000.00			\$ 495,094.34		\$ 165,601.01		\$ 52,861.07	
3762	Various 2008 Capital Improvements	6/24/08	4,929,250.00	3,826,240.47	600,000.00			933,990.19	50,980.05	209,679.05	2,682,571.23	549,019.95	
3823	Various 2009 Capital Improvements, Amended	4/28/09	482,000.00	125,983.00				2,375.00	54,500.00		69,108.00		
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	15,000.00		53,905.08	50,208.68		
3952	Various 2011 Water System Improvements	10/25/11	840,000.00	135.64	407,000.00								
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	6,324.76	1,000.00			2,652.00			3,672.76	1,000.00	
4035	Engineering Services - Little Rocky Hill Water Main	9/10/13	210,000.00	73,110.00					73,110.00				
4064	Various Capital Acquisitions & Improvements - 2014	6/24/14	4,105,000.00	3,967,210.36			3,570.90	59,364.46		3,801,916.80	109,500.00		
4109	Various Capital Acquisitions & Improvements - 2015	5/26/15	1,033,000.00		497,033.89		3,823.39	3,189.50		57,500.00		440,167.78	
4143	Various 2016 Capital Improvements	4/12/16	1,020,000.00	3,300.00	795,000.00		203,349.02	192,249.02		107,058.33		702,341.67	
4145	Various Capital Acquisitions & Improvements - 2016	4/12/16	438,000.00	29.16			205,907.59	205,169.80		737.85	29.10		
4193	Various 2017 Capital Improvements	4/11/17	3,143,100.00	98,500.66	1,886,100.00		915,418.08	854,939.03		518,270.64		1,526,809.07	
4195	Various 2017 Acquis. for the Water Utility	4/11/17	316,500.00	112,372.39			20,770.00	63,597.64		69,544.75			
4231	Various Capital Acquisitions and Improvements	4/24/18	961,500.00			\$ 961,500.00		145,517.05		199,360.55	616,622.40		
4233	Water Main Replacement, Cleaning and Lining	4/24/18	1,020,000.00			1,020,000.00		550.00				1,019,450.00	
<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>\$ 9,270,588.20</u>	<u>\$ 4,525,516.89</u>	<u>\$ 1,981,500.00</u>	<u>\$ 1,406,744.06</u>	<u>\$ 3,588,187.32</u>	<u>\$ 586,909.98</u>	<u>\$ 5,183,574.06</u>	<u>\$ 3,534,028.25</u>	<u>\$ 4,291,649.54</u>	
				Ref.	D	D	Below	D	D-6	Below	D	D	D
Fixed Capital Authorized and Uncompleted		D-29				\$ 1,020,000.00							
Fund Balance		D-2				961,500.00							
		D-16, Above				<u>\$ 1,981,500.00</u>							
Funded		D-2								\$ 128,546.93			
Unfunded		D-29								458,363.05			
		Above, D-16								<u>\$ 586,909.98</u>			

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-23

WATER UTILITY CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Balance December 31</u> <u>2018 and 2017</u>
Reserve:	
To Pay Debt Service	<u>\$          67,589.50</u>
	<u><u>\$          67,589.50</u></u>
<u>Ref.</u>	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF WATER UTILITY CAPITAL SERIAL BONDS

FOR THE YEAR ENDED DECEMBER 31, 2018

<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, 2017</u>	<u>DECREASED</u>	<u>BALANCE Dec. 31, 2018</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Water Utility Bonds - Series 2010	6/15/2010	\$ 5,440,000.00	5/15/2019	\$ 555,000.00	3.500%	\$ 1,665,000.00	\$ 555,000.00	\$ 1,110,000.00
			5/15/2020	555,000.00	3.500%			
Water Utility Bonds - Series 2014	11/7/2014	6,580,000.00	11/1/2019	400,000.00	2.000%	5,605,000.00	375,000.00	5,230,000.00
			11/1/2020	425,000.00	2.000%			
			11/1/2021	455,000.00	3.000%			
			11/1/2022	475,000.00	2.000%			
			11/1/2023	475,000.00	2.125%			
			11/1/2024	475,000.00	2.250%			
			11/1/2025	475,000.00	2.500%			
			11/1/2026	475,000.00	3.000%			
			11/1/2027	525,000.00	3.000%			
			11/1/2028	525,000.00	3.000%			
			11/1/2029	525,000.00	3.000%			
Water Utility Bonds - Series 2017	12/20/2017	5,000,000.00	12/15/2019	300,000.00	2.000%	5,000,000.00	300,000.00	4,700,000.00
			12/15/2020	300,000.00	2.000%			
			12/15/2021	600,000.00	2.000%			
			12/15/2022	600,000.00	3.000%			
			12/15/2023	600,000.00	3.000%			
			12/15/2024	600,000.00	4.000%			
			12/15/2025	600,000.00	4.000%			
			12/15/2026	600,000.00	3.000%			
			12/15/2027	600,000.00	3.000%			
			12/15/2027	500,000.00	2.125%			
<u>\$ 12,270,000.00</u>						<u>\$ 1,230,000.00</u>	<u>\$ 11,040,000.00</u>	
<u>Ref.</u>						D	D-27	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY CAPITAL FUND

SCHEDULE OF WATER LOANS PAYABLE  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

FOR THE YEAR ENDED DECEMBER 31, 2018

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LOANS</u>		<u>BALANCE</u>	<u>DECREASED</u>	<u>BALANCE</u>
				<u>DATE</u>	<u>AMOUNT</u>	<u>Dec. 31, 2017</u>		<u>Dec. 31, 2018</u>
Infrastructure Water Loan	11/9/2000	\$ 855,000.00	5.250%	8/1/2019	\$ 65,000.00	\$ 195,000.00	\$ 60,000.00	\$ 135,000.00
			5.250%	8/1/2020	70,000.00			
						<u>\$ 195,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 135,000.00</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  
FOR THE YEAR ENDED DECEMBER 31, 2018

D-26

	<u>Ref.</u>	
Balance, December 31, 2018 and 2017	D	<u>\$ 1,520,015.01</u>

D-27

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017		36,536,134.40
Increased by:		
Additions by Capital Outlay	D-15	\$ 217,349.00
Paid by Budget Appropriations:		
NJEIT Loans	D-25	60,000.00
Serial Bonds	D-24	<u>1,230,000.00</u>
		<u>1,507,349.00</u>
		38,043,483.40
Decreased by:		
Canceled Improvement Authorizations	D-22	<u>128,546.93</u>
Balance, December 31, 2018	D	<u>\$ 37,914,936.47</u>

D-28

WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance, December 31, 2017	D	\$ 964,500.00
Increased by:		
Improvement Authorizations:		
Fund Balance	D-2	<u>961,500.00</u>
Balance, December 31, 2018	D	<u>\$ 1,926,000.00</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-29

WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>December 31, 2017</u>	<u>2018</u> <u>Authorizations</u>	<u>Canceled</u>	<u>Balance</u> <u>December 31, 2018</u>
3544	Various Capital Improvements	\$ 383.00		\$ 383.00	
3684	Various Capital Improvements	339,000.00			\$ 339,000.00
3762	Various 2008 Capital Improvements	600,000.00		50,980.05	549,019.95
3952	Various 2011 Water System Improvements	407,000.00		407,000.00	
4028	Various Capital Acquisitions & Improvements - 2014	1,000.00			1,000.00
4109	Various Capital Acquisitions & Improvements - 2015	523,000.00			523,000.00
4143	Various 2016 Capital Improvements	795,000.00			795,000.00
4193	Various 2017 Capital Improvements	1,886,100.00			1,886,100.00
4233	Water Main Replacement, Cleaning and Lining	<u>1,886,100.00</u>	<u>\$ 1,020,000.00</u>	<u>407,000.00</u>	<u>1,020,000.00</u>
		<u>\$ 4,551,483.00</u>	<u>\$ 1,020,000.00</u>	<u>\$ 458,363.05</u>	<u>\$ 5,113,119.95</u>
	<u>Ref.</u>	D	D-22	D-22	D

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>ACCT.</u>	<u>FUND</u> <u>TOTAL</u>
Balance - December 31, 2017	E	\$ (412.00)	\$ (412.00)
Increased by Receipts:			
State Aid for Public Assistance	E-2	160,115.05	160,115.05
		<u>159,703.05</u>	<u>159,703.05</u>
Decreased by Disbursements:			
Disbursed for Public Assistance	E-2	163,138.03	163,138.03
Other	E-2	740.02	740.02
	E-4, E-5	<u>163,878.05</u>	<u>163,878.05</u>
Balance - December 31, 2018	E	<u>\$ (4,175.00)</u>	<u>\$ (4,175.00)</u>

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>		
Balance - December 31, 2017	E		\$ (412.00)
Increased by:			
Cash Receipts	E-1		<u>160,115.05</u>
			159,703.05
Decreased by:			
Cash Disbursements:			
FY 2018 Assistance	E-1	\$ 163,138.03	
Miscellaneous	E-1	<u>740.02</u>	
			<u>163,878.05</u>
Balance - December 31, 2018	E		<u>\$ (4,175.00)</u>
<u>Reconciliation - December 31, 2018:</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.		\$0.00	
- Government Agency Account		\$ -	\$ -
Less: Outstanding Checks		<u>4,175.00</u>	<u>4,175.00</u>
- Government Agency Account	E-2	<u>\$ (4,175.00)</u>	<u>\$ (4,175.00)</u>



TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	P.A.T.F. <u>ACCT.</u>	FUND <u>TOTAL</u>
State Aid Payments	E-2	\$ 160,115.05	\$ 160,115.05
Total Receipts/Revenues (PATF)	E-1	<u>\$ 160,115.05</u>	<u>\$ 160,115.05</u>

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	P.A.T.F. <u>ACCT.</u>	P.A.T.F. <u>TOTAL</u>
Payments for Current Year Assistance (Reported):			
Maintenance Payments		\$ 66,832.58	\$ 66,832.58
Other:			
Temporary Rent Assistance		94,504.45	94,504.45
Bank Charges		740.02	740.02
Transportation		<u>1,801.00</u>	<u>1,801.00</u>
Total Reported and Disbursed	E-5	<u>\$ 163,878.05</u>	<u>\$ 163,878.05</u>

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	E	\$ -
Increased by:		
State Aid for Public Assistance	E-4	<u>163,878.05</u>
		163,878.05
Decreased by:		
Payments for Public Assistance		\$ 163,138.03
Misc - Bank Charges		<u>740.02</u>
	E-4	<u>163,878.05</u>
Balance - December 31, 2018	E	<u><u>\$ -</u></u>

## Comments Section

Township of Franklin  
Somerset County, New Jersey

Comments

Years ended December 31, 2018 and 2017

An audit of the financial accounts and transactions of the Township of Franklin, Somerset County, New Jersey ("Township") for the year ended December 31, 2018 and 2017, has recently been completed. The results of the audit are herewith set forth.

**Scope of Audit**

The audit covered the financial transactions of the Tax Collector and Treasurer, the activities of the Mayor and Township Council and the records of the various outside departments.

The audit did not and could not determine the character of services 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.

Revenues and receipts tested were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold [40A:11-3], shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Township of Franklin  
Somerset County, New Jersey

Comments (continued)

The examination of expenditures revealed no individual payments, contracts or agreements in excess of \$40,000.00 "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles," other than where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-5.

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

The governing body, on April 21, 1980 adopted a resolution pursuant to the provisions of R.S. 54:4-67, fixing the rate of delinquent taxes or assessments at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00. On June 17, 1991, this was amended to add an additional penalty of 6% on delinquent taxes in excess of \$10,000.00. The Township adopts an annual resolution setting these interest rates.

An examination of the collector's records on a test basis indicated that interest on delinquencies was calculated in accordance with the foregoing resolution, for items tested.

**Comparative Schedule of Tax Rate Information**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Tax rate	\$ 2.254	\$ 2.262	\$ 2.281
Apportionment of tax rate:			
Municipal	\$ 0.358	\$ 0.367	\$ 0.378
Library	0.034	0.032	0.032
Municipal Open Space	0.050	0.050	0.050
County	0.323	0.317	0.319
County Open Space	0.031	0.031	0.030
Local school	1.458	1.465	1.472

Township of Franklin  
Somerset County, New Jersey

Comments (continued)

**Comparison of Tax Levies and Collections**

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.

Year	Tax Levy	Cash Collections	Percent of Collections
2018	\$ 230,353,919	\$ 227,182,799	98.62%
2017	223,297,345	220,148,136	98.59%
2016	219,563,661	216,586,420	98.64%

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes contained in the following tabulation are inclusive in each case, of delinquent taxes of the current year's levy. This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	\$ 358,679	\$ 3,192,798	\$ 3,551,477	1.54%
2017	369,791	3,074,922	3,444,713	1.54%
2016	176,589	2,859,729	3,036,318	1.38%

The last tax sale was held on December 3, 2018 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

Year	Number of Liens
2018	9
2017	9
2016	9

Township of Franklin  
Somerset County, New Jersey

Comments (continued)

**Property Acquired by Tax Title Lien Liquidation**

Property acquired by Tax Title Lien Liquidation amounted to \$329,973 at December 31, 2018, 2017, and 2016.

**Equalized Valuations - Real Property**

Year	Amount
2018	\$ 9,950,655,834
2017	9,441,020,515
2016	9,087,667,654

**Comparative Schedule of Water Utility Levies and Collections  
For the Years Ended December 31, 2018, 2017 and 2016**

Year	Levies	Collections *
2018	\$ 11,721,335	\$ 11,642,286
2017	11,535,861	11,673,022
2016	12,086,515	12,123,928

\*-Includes collection of prior year receivables.

**Comparative Schedule of Fund Balances**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2018	\$ 25,158,847	\$ 7,271,686
	2017	26,152,492	7,271,686
	2016	25,116,866	6,234,270
Water Utility Operating Fund	2018	8,857,253	1,000,000
	2017	8,813,060	1,000,000
	2016	8,476,509	-

Township of Franklin  
Somerset County, New Jersey

Comments (continued)

**Officials in Office and Surety Bonds**

Name	Title	Amount of Bond
Phillip Kramer	Mayor	
Shanel Robinson	Deputy Mayor	
Rajiv Prasad	Councilman	
Kimberly Francois	Councilwoman	
Carl R.A. Wright	Councilman	
Charles Onyejiaka	Councilman	
William Galtieri	Councilman	
James Vassanella	Councilman	
Theodore Chase	Councilman	
Robert Vornlocker	Township Manager	
Kathleen Moody	Chief Financial Officer / Treasurer	\$ 1,000,000
Rossana Gutierrez	Collector of Revenue - Tax Collector, Tax Search Officer	\$ 1,000,000
Ann Marie McCarthy	Township Clerk	
Richar Carabelli	Tax Assessor	
Lucinda Belanger	Purchasing Officer/General Services	
Raquel Edwards	Municipal Magistrate	\$ 1,000,000
Keila Martinez	Court Clerk/Administrator	\$ 1,000,000
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	
Richard Grammar	Chief of Police	
Vincent Lupo	Construction Official	
Thomas Zilinek	Township Engineer	
Carl Hauck	Public Works Manager	
Maureen Vella	Municipal Judge	\$ 1,000,000
Hector Rodriguez	Associate Municipal Judge	\$ 1,000,000

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



## Comments and Recommendations

Township of Franklin  
Comments and Recommendations  
Year ended December 31, 2018

**Prior Year Findings**

Corrective action have been taken on all of the prior year's findings and recommendations.

**Cash Management**

*Cash Deposits*

During our internal control testing over revenue and cash receipts, we identified several instances in which monies collected by the various departments were not deposited into an official depository within 48 hours, as required by N.J.S.A. 40A:5-15.

We suggest that the Township strengthen internal procedures relating to the depositing of funds to ensure that all cash receipts are deposited within 48 hours of collection as required by state statute.

Management Response:

Significant staff shortages in the Tax Collector's Office and Animal Shelter caused delays in processing deposits in 2018. Additional staff has been hired for the Tax Collector's Office and new software and processes to more efficiently handle ACH & check deposits have been implemented. The most recent Jaquar is expected to be fully functional in August 2019. We expect these initiatives will allow the Tax Collector's Office to meet the 48 hour turn around. Animal Shelter Management has been again reminded of the need to get all deposits in within 48 hours, even though their volume of money is small. The staffing issues are still being addressed.

**Payroll**

*Health Benefit Deductions*

During our audit of the Township's payroll process relating to health benefit deductions, we identified two instances where the employee's contributions were based upon inaccurate information.

We suggest the Township strengthen controls over the health benefit deduction process to ensure employee contributions are calculated based upon the actual salary.

Management Response:

The implementation of the 2 higher benefit deductions, resulting when employee raises caused their health benefit deductions to also increase were delayed, but the deductions were caught up. The HR Department is very small and one of the two positions was vacant for several months during 2018. The HR Manager has implemented a process where the health benefit calculation is done and any changes is communicated to Finance at the same time of the raise notification. The Finance Payroll person, working collaborately with HR, is also on the alert to make sure all information is received and implemented in a timely manner.

Township of Franklin  
Comments and Recommendations  
Year ended December 31, 2018

**Financial Reporting**

*Improvement Authorization Balances*

During our review of the General Capital Fund, we noted that ending balances of certain improvement authorizations were not accurate.

We suggest that the Township make necessary adjustments in the accounting software to agree improvement authorization balances to audited amounts.

**Management Response:**

All improvement authorization entries made during the last 6 years have been done or directed by the Financial Consultant; therefore the CFO shall work collaborately with the Financial Consultant to correct the subsidiary balances in Edmunds so they match the Balance Sheet and try to ensure the Financial Consultant makes sure the Edmunds subsidiary ledgers reconcile to the Balance Sheet when the Annual Financial Statement is prepared and any corrections needed are clearly communicated to Finance so the adjustments may be made.