



**SOMERSET COUNTY, NEW JERSEY**  
**REGULATORY BASIS FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020 AND 2019**

**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, (the "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, 2020 and 2019, and 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 years ended December 31, 2020, 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 (the "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 audits. We conducted our audits 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 auditors' 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, 2020 and 2019 or the results of its operations and changes in fund balances for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects the comparative balance sheets-regulatory basis of the various funds and account group of the Township as of December 31, 2020 and 2019, and the results of its operations and changes in fund balances of such funds – regulatory basis for the years then ended, and the revenues - regulatory basis and expenditures – regulatory basis of the various funds for the years then ended in accordance with the financial reporting provisions of the Division as described in Note 1.

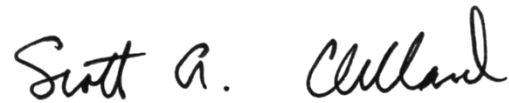
**Report on Supplementary Information as Required by the Division in Accordance with the Regulatory Basis of Accounting**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township’s regulatory basis financial statements. The accompanying supplementary information, as 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 the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the 2020 regulatory basis financial statements of the Township.

Schedules A-4 through E-5, the comments section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis 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 referred to above is fairly stated, in all material respects, in relation to the regulatory basis 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 December 13, 2021, 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

Florham Park, New Jersey  
December 13, 2021





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

**INDEPENDENT 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, 2020, and the related notes to the regulatory basis financial statements, and have issued our report thereon dated December 13, 2021, 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) as a basis for designing 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.

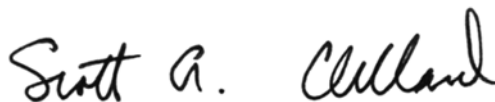
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

Florham Park, New Jersey  
December 13, 2021

TOWNSHIP OF FRANKLIN  
CURRENT AND GRANT FUNDS

A  
Sheet # 1

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>			
Cash - Treasurer	A-4	\$ 42,911,780.92	\$ 39,442,096.38
Cash - Change Fund	A-5	1,255.00	1,255.00
Due from State of New Jersey - Sr. Cit. and Vets. Deductions	A-6	<u>33,500.34</u>	<u>23,943.83</u>
		<u>42,946,536.26</u>	<u>39,467,295.21</u>
<u>Receivables With Full Reserves:</u>			
Taxes Receivable	A-7	3,094,452.88	2,885,642.16
Tax Title Liens Receivable	A-7	230,639.98	375,063.86
Property Acquired for Taxes at Assessed Valuation	A	329,973.00	329,973.00
Revenue Accounts Receivable	A-8	17,203.55	48,257.30
Interfunds Receivable Trust Other	A-12	568,411.94	509,064.29
Interfunds Receivable Payroll/Payroll Agency	A-12	82,727.91	76,993.65
Interfunds Receivable Recreation	A-12	31,532.86	28,377.62
Interfunds Receivable Self Insurance	A-12	35,468.02	30,178.42
Interfunds Receivable Animal Control	A-12	141,929.19	52,883.61
Interfunds Receivable Workers Compensation	A-12	1,615.39	
Interfunds Receivable Open Space	A-12	<u>485,196.00</u>	
		<u>5,019,150.72</u>	<u>4,336,433.91</u>
Total Current Fund		<u>47,965,686.98</u>	<u>43,803,729.12</u>
<u>Grant Fund:</u>			
Cash - Treasurer	A-4	2,017,876.73	1,967,195.88
State and Federal Grants Receivable	A-14	3,731,906.88	3,698,056.92
Interfunds Receivable - Current Fund	A-16	10,158.77	39,471.39
Interfunds Receivable - Trust Other Fund	A-16	<u>2,670.00</u>	<u>2,670.00</u>
Total Grant Fund		<u>5,762,612.38</u>	<u>5,707,394.19</u>
Total Assets		<u>\$ 53,728,299.36</u>	<u>\$ 49,511,123.31</u>

TOWNSHIP OF FRANKLIN  
CURRENT AND GRANT FUNDS

A  
Sheet # 2

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 6,710,487.29	\$ 3,072,310.03
Reserve for Encumbrances	A-3, A-13	1,909,475.70	1,421,949.70
Various Payables and Reserves	A-9	2,949,033.63	6,125,251.67
Tax Overpayments	A-10	97,238.54	10,963.40
Prepaid Taxes	A-7	3,109,879.47	2,689,871.86
Interfunds Payable:			
General Capital Fund	A-12	2,369,486.74	1,116,391.12
Grant Fund	A-12	10,158.77	39,471.39
Water Operating	A-12	3,926.36	
Open Space Trust Fund	A-12		14,804.00
		17,159,686.50	14,491,013.17
Reserve for Receivables	Reserve	5,019,150.72	4,336,433.91
Fund Balance	A-1	25,786,849.76	24,976,282.04
		30,806,000.48	29,312,715.95
Total Current Fund		47,965,686.98	43,803,729.12
Grant Fund:			
Interfund Payable - General Capital Fund	A-16	468,500.00	468,500.00
Interfund Payable - Recreation Trust Fund	A-16	50.34	
Reserve for Encumbrances	A-15	74,003.65	335,355.09
Reserve for State and Federal Grants:			
Appropriated	A-15	5,217,558.39	4,903,539.10
Unappropriated	A-17	2,500.00	
Total Grant Fund		5,762,612.38	5,707,394.19
Total Liabilities, Reserves and Fund Balance		\$ 53,728,299.36	\$ 49,511,123.31

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Ref.	<u>Years Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>Revenues and Other Income Realized</u>			
Fund Balance - Appropriated	A-2	\$ 8,178,335.66	\$ 7,271,686.00
Miscellaneous Revenue Anticipated	A-2	13,937,720.20	16,419,549.08
Receipts from Delinquent Taxes	A-2	2,597,668.65	2,750,824.08
Receipts from Current Taxes	A-2	238,607,844.87	232,697,414.75
Miscellaneous Revenue Not Anticipated	A-2	1,090,519.48	941,642.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	2,063,097.90	1,535,132.37
Cancellation of Accounts Payable	A-9	2,329,116.48	
Grants Canceled (Net)	A-14, A-15	10,138.00	
Interfund Loans Returned (Net)			<u>1,818,752.78</u>
 Total Revenues and Other Income		 <u>268,814,441.24</u>	 <u>263,435,001.75</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	23,979,737.08	22,865,518.00
Other Expenses	A-3	21,486,860.92	22,136,327.00
Public and Private Programs	A-3	772,990.06	1,702,746.05
Deferred Charges and Statutory Expenditures	A-3	6,340,800.00	6,175,944.00
Capital Improvements	A-3	3,277,460.00	3,210,137.00
Municipal Debt Service	A-3	2,460,365.66	2,444,559.39
County Taxes	A-11	37,142,422.14	36,724,399.01
Local District School Taxes	A-11	151,105,752.00	147,251,254.00
Special District Taxes	A-11	7,453,451.00	7,043,276.00
Municipal Open Space	A-11	5,305,699.00	5,099,161.00
Prior Year Sr. Citizens/Veterans Deductions Disallowed			14,272.60
Reserve for Tax Appeals			1,600,000.00
Grants Receivable/Reserves cancelled, Net			78,286.78
Interfund Loans Advanced (Net)	A, A-12	<u>500,000.00</u>	
 Total Expenditures		 <u>259,825,537.86</u>	 <u>256,345,880.83</u>
 Excess in Revenues / Statutory Excess to Fund Balance		 8,988,903.38	 7,089,120.92
 <u>FUND BALANCE</u>			
Balance December 31,	A	<u>24,976,282.04</u>	<u>25,158,847.12</u>
		33,965,185.42	32,247,968.04
Decreased by:			
Utilized as Anticipated Revenue	A-1, A-2	<u>8,178,335.66</u>	<u>7,271,686.00</u>
 Balance December 31,	A	 <u>\$ 25,786,849.76</u>	 <u>\$ 24,976,282.04</u>

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

A-2  
Sheet # 1

	<u>Ref.</u>	Anticipated <u>Budget</u>	Added by N.J.S.A. <u>40A:4-87</u>	Total <u>Budget</u>	Amount <u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 8,178,335.66		\$ 8,178,335.66	8,178,335.66	
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages		80,000.00		80,000.00	82,126.00	\$ 2,126.00
Other		200,000.00		200,000.00	153,762.50	(46,237.50)
Fees and Permits		675,000.00		675,000.00	611,215.33	(63,784.67)
Fines and Costs:						
Municipal Court		350,000.00		350,000.00	224,681.10	(125,318.90)
Interest and Costs on Taxes		740,000.00		740,000.00	651,971.60	(88,028.40)
Interest on Investments and Deposits		520,000.00		520,000.00	188,825.72	(331,174.28)
Fire Prevention Fees		640,000.00		640,000.00	591,677.69	(48,322.31)
Subtotal - Local Revenues		<u>3,205,000.00</u>		<u>3,205,000.00</u>	<u>2,504,259.94</u>	<u>(700,740.06)</u>
Energy Receipts Tax		4,585,178.00		4,585,178.00	4,585,177.99	(0.01)
Garden State Trust Payments		108,318.00		108,318.00	70,219.00	(38,099.00)
Subtotal - State Aid Revenues		<u>4,693,496.00</u>		<u>4,693,496.00</u>	<u>4,655,396.99</u>	<u>(38,099.01)</u>
Dedicated Uniform Construction Code Fees:						
Uniform Construction Code Fees		2,016,901.00		2,016,901.00	2,377,450.00	360,549.00
Subtotal - Uniform Construction Code Revenues		<u>2,016,901.00</u>		<u>2,016,901.00</u>	<u>2,377,450.00</u>	<u>360,549.00</u>
Interlocal:						
Franklin Township Board of Education -						
Maintenance of School Equipment		298,820.00		298,820.00	239,322.74	(59,497.26)
School Police Officers		239,896.00		239,896.00	597,990.12	358,092.12
Subtotal - Interlocal Revenues		<u>538,716.00</u>		<u>538,716.00</u>	<u>837,312.86</u>	<u>298,594.86</u>

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

A-2  
Sheet # 2

Ref.	Anticipated Budget	Added by N.J.S.A. 40A:4-87	Total Budget	Amount Realized	Excess or (Deficit)				
Public and Private Revenues Off-Set with Appropriations:									
Municipal Alliance on Alcoholism and Drug Abuse			\$ 7,282.44	\$ 7,282.44					
NJ DEP Recycling Tonnage Grant	\$ 62,971.53		62,971.53	62,971.53					
CDBG - 2020		273,530.00	273,530.00	273,530.00					
COVID-19 Grant		160,933.00	160,933.00	160,933.00					
NJDEP - Clean Communities Grant		122,873.09	122,873.09	122,873.09					
Somerset Youth Services Comm. - Competitive Grant		4,000.00	4,000.00	4,000.00					
Somerset Youth Services Commission - Annual Grant		5,000.00	5,000.00	5,000.00					
Safe and Secure Communities 2020		60,000.00	60,000.00	60,000.00					
Safe and Secure Communities 2021		32,400.00	32,400.00	32,400.00					
Sustainable Jersey Small Grants Program 2020		20,000.00	20,000.00	20,000.00					
Subtotal - Public and Private Revenues	62,971.53	686,018.53	748,990.06	748,990.06					
Other Special Items Offset With Appropriations:									
Township Hotel Tax Revenue	1,300,000.00		1,300,000.00	718,130.60	(581,869.40)				
Franklin Sewerage Authority	500,000.00		500,000.00	500,000.00					
N.J. State PBA Officer	135,408.00		135,408.00	143,861.14	8,453.14				
Franklin Fire Districts	192,795.00		192,795.00	213,314.82	20,519.82				
Cell Tower Rental Fees	90,100.00		90,100.00	237,601.32	147,501.32				
PILOT Payments	450,000.00		450,000.00	524,260.71	74,260.71				
Cable Franchise Fees	320,000.00		320,000.00	477,141.76	157,141.76				
Subtotal - Other Special Item Revenues	2,988,303.00	-	2,988,303.00	2,814,310.35	(173,992.65)				
Total Miscellaneous Revenues	13,505,389.53	686,018.53	14,191,408.06	13,937,720.20	(253,687.86)				
Receipts from Delinquent Taxes	2,450,000.00	-	2,450,000.00	2,597,668.65	147,668.65				
Subtotal General Revenues	24,133,725.19	686,018.53	24,819,743.72	24,713,724.51	(106,019.21)				

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Total Budget</u>	<u>Amount Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:						A-2 Sheet #.3
Local Tax for Municipal Purposes						
a) Including Reserve for Uncollected Taxes		\$ 35,136,502.00		\$ 35,136,502.00	\$ 39,238,552.73	\$ 4,102,050.73
c) Minimum Library Tax		<u>3,561,968.00</u>		<u>3,561,968.00</u>	<u>3,561,968.00</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2, A-7	<u>38,698,470.00</u>		<u>38,698,470.00</u>	<u>42,800,520.73</u>	<u>4,102,050.73</u>
Total General Revenues		<u>62,832,195.19</u>	<u>\$ 686,018.53</u>	<u>63,518,213.72</u>	<u>67,514,245.24</u>	<u>3,996,031.52</u>
Non-Budget Revenues	A-1, Below				<u>1,090,519.48</u>	<u>1,090,519.48</u>
		<u>\$ 62,832,195.19</u>	<u>\$ 686,018.53</u>	<u>\$ 63,518,213.72</u>	<u>\$ 68,604,764.72</u>	<u>\$ 5,086,551.00</u>
		A-3	A-3	A-3		
<u>Current Taxes Realized:</u>	<u>Ref.</u>					
Sr. Citizens & Vets	A-6, A-7				\$ 286,117.47	
Cash Receipts	A-7				235,631,855.54	
Prepaid Taxes - Prior Year	A-7				2,689,871.86	
Subtotal	A-1, A-7				<u>238,607,844.87</u>	
Res. For Uncoll. Tax	A-3				<u>5,200,000.00</u>	
Subtotal					<u>243,807,844.87</u>	
Allocated to School, County and Fire Districts	A-11				(195,701,625.14)	
Municipal Open Space	A-11				(5,305,699.00)	
Subtotal					<u>42,800,520.73</u>	
Reserve for Tax Appeals	A-9				-	
Current Taxes Realized	Above				<u>\$ 42,800,520.73</u>	
Miscellaneous Revenues:						
Grants Realized	A-8				\$ 748,990.06	
Miscellaneous Revenues	A-4, A-8				<u>13,188,730.14</u>	
Total	A-1				<u>\$ 13,937,720.20</u>	
Miscellaneous Revenues Not Anticipated:						
Cash Receipts	A-4, A-8				<u>\$ 1,090,519.48</u>	

See accompanying notes to the financial statements.



TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 <u>Budget</u>	Budget After <u>Modification</u>	Paid Or <u>Charged</u>	<u>Expended</u>		<u>Reserved</u>
				<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 446,354.00	\$ 446,354.00	\$ 394,967.55	\$ 4,504.89	\$ 46,881.56	
Other Expenses	372,090.00	372,090.00	159,600.74	454.20	212,035.06	
Human Resources (Personnel)						
Salaries and Wages	124,297.00	124,297.00	120,684.40		3,612.60	
Other Expenses	115,070.00	115,070.00	86,607.30	11,179.60	17,283.10	
Mayor and Council						
Salaries and Wages	75,946.00	77,771.00	77,470.78		300.22	
Other Expenses	18,362.00	18,362.00	6,224.75	60.00	12,077.25	
Municipal Clerk						
Salaries and Wages	233,136.00	273,611.00	262,559.96		11,051.04	
Other Expenses	71,362.00	71,362.00	25,722.05	22,093.35	23,546.60	
Finance Administration						
Salaries and Wages	63,905.00	63,905.00	61,697.56		2,207.44	
Other Expenses	330,098.00	330,098.00	227,716.10	75,049.25	27,332.65	
Audit Services						
Other Expenses	42,200.00	42,200.00	1,450.00	31,713.75	9,036.25	
Computerized Data Processing						
Salaries and Wages	178,517.00	194,517.00	139,839.76		54,677.24	
Other Expenses	249,857.00	249,857.00	196,393.30	9,237.31	44,226.39	
Revenue Administration (Tax Collection)						
Salaries and Wages	151,918.00	151,918.00	121,606.26		30,311.74	
Other Expenses	14,488.00	14,488.00	8,351.68	390.00	5,746.32	

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Expended		
			Paid Or Charged	Encumbered	Reserved
Tax Assessment Administration					
Salaries and Wages	\$ 347,409.00	\$ 357,409.00	\$ 334,326.98	\$	23,082.02
Other Expenses	123,500.00	123,500.00	15,097.09	\$ 101,016.49	7,386.42
Legal Services (Legal Dept.)					
Other Expenses	565,000.00	565,000.00	284,575.51	217,379.49	63,045.00
Prosecutor					
Other Expenses	76,000.00	76,000.00	64,099.89	6,699.99	5,200.12
Municipal Court					
Salaries and Wages	375,386.00	375,386.00	347,699.94		27,686.06
Other Expenses	24,150.00	24,150.00	8,766.87	3,573.16	11,809.97
Public Defender					
Other Expenses	35,000.00	35,000.00	35,000.00		
Engineering					
Salaries and Wages	189,978.00	189,978.00	187,129.84		2,848.16
Other Expenses	111,995.00	111,995.00	35,268.93	29,482.75	47,243.32
Economic Development Agencies					
Other Expenses	125,675.00	125,675.00	25,540.00		100,135.00
Planning Board					
Salaries and Wages	260,504.00	260,504.00	200,096.69		60,407.31
Other Expenses	75,800.00	75,800.00	34,794.51	27,238.38	13,767.11
Public Works - General					
Salaries and Wages	2,022,060.00	2,022,060.00	1,699,621.39		322,438.61
Streets and Roads Maintenance					
Salaries and Wages	110,000.00	110,000.00	76,000.00		34,000.00
Other Expenses	252,700.00	260,200.00	135,805.54	114,075.45	10,319.01
Public Works - Recycling					
Other Expenses	693,991.00	693,991.00	486,942.85	166,086.10	40,962.05
Shade Tree Commission					
Other Expenses	1,000.00	1,000.00	220.00	50.00	730.00

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Paid Or Charged	Expended		Reserved
				Encumbered	Reserved	
Public Works - Building and Grounds						
Other Expenses	\$ 399,000.00	\$ 399,000.00	\$ 172,008.14	\$ 82,035.77	\$ 144,956.09	
Public Works - Vehicle Maintenance						
Other Expenses	220,350.00	212,850.00	130,789.48	43,977.35	38,083.17	
Community Services Act (Condo Community)						
Other Expenses	100,000.00	100,000.00	18,208.13	434.65	81,357.22	
Animal Control Services						
Salaries and Wages	179,801.00	179,801.00	168,103.36		11,697.64	
Other Expenses	42,340.00	42,340.00	25,454.02	9,454.89	7,431.09	
Police						
Salaries and Wages	14,812,385.00	14,812,385.00	13,931,619.29	3,229.50	877,536.21	
Other Expenses	733,470.00	733,470.00	534,993.11	129,068.46	69,408.43	
Department of Recreation and Park Administration						
Division of Recreation and Park Administration						
Salaries and Wages	565,178.00	565,178.00	442,891.71		122,286.29	
Other Expenses	95,392.00	95,392.00	29,725.47	14,392.48	51,274.05	
Community Resources						
Salaries and Wages	236,911.00	159,911.00	159,028.48		882.52	
Other Expenses	15,508.00	15,508.00	592.81	50.00	14,865.19	
Fire Prevention						
Salaries and Wages	792,106.00	792,106.00	680,244.17		111,861.83	
Other Expenses	8,356.00	8,356.00	2,575.00	4,616.55	1,164.45	
Emergency Management						
Salaries and Wages	15,000.00	16,700.00	3,088.95		13,611.05	
Other Expenses	5,250.00	5,250.00			5,250.00	
State Aid Payments to Fire Districts						
Other Expenses	16,774.00	16,774.00	16,774.00			

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Expended		
			Paid Or Charged	Encumbered	Reserved
Community Activities:					
Aid to Fire Services	\$ 26,500.00	\$ 26,500.00	\$ 26,500.00		
Other Expenses					
Aid to Rescue Squads	58,500.00	58,500.00	58,500.00		
Other Expenses					
Tax Appeals					
Other Expenses	750,000.00	750,000.00	750,000.00		
Tax Title Lien and Foreclosure					
Other Expenses	50,000.00	50,000.00	12,256.00		\$ 37,744.00
Environmental Commission					
Other Expenses	1,200.00	1,200.00	475.00		725.00
Historical Commission					
Other Expenses	1,000.00	1,000.00			1,000.00
Liability Insurance					
Other Expenses	1,036,693.00	1,036,693.00	1,034,592.68	\$ 2,100.32	
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	153,054.47	71,280.06		81,774.41
Other Expenses	7,413,350.00	7,410,295.53	7,405,907.00	805.00	3,583.53

UNIFORM CONSTRUCTION CODE -  
APPROPRIATIONS OFFSET BY DEDICATED  
REVENUES (NJAC 5:23-4.17)

Code Enforcement					
Salaries and Wages	1,186,514.00	1,186,514.00	855,509.40		331,004.60
Other Expenses	369,884.00	369,884.00	70,976.22	8,539.39	290,368.39

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

				Expended		
2020	Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved	Reserved
	\$ 100,000.00	\$ 100,000.00				\$ 100,000.00
Salary Adjustment	800,000.00	800,000.00	\$ 800,000.00			
Accumulated Leave Compensation						
Franklin Township Board of Education - Transp.	170,000.00	170,000.00	102,661.30	\$ 5,431.44		61,907.26
Other Expenses						
Franklin Township Board of Education - Officers	197,946.00	197,946.00				197,946.00
Salaries and Wages						
Utilities:						
Gasoline	350,000.00	300,000.00	120,610.77	18,181.42		161,207.81
Telephone	250,000.00	300,000.00	214,051.61	33,129.09		52,819.30
Electricity/Heat	510,000.00	510,000.00	372,222.43	92,347.77		45,429.80
Street Lighting	1,175,000.00	1,175,000.00	909,277.09	109,032.05		156,690.86
	40,762,156.00	40,755,156.00	35,032,793.90	1,377,110.29		4,345,251.81
Total Operations Within "CAPS"						
Contingent	2,000.00	2,000.00				2,000.00
Total Operations Including Contingent						
Within "CAPS"	40,764,156.00	40,757,156.00	35,032,793.90	1,377,110.29		4,347,251.81
DETAIL:						
Salaries and Wages	23,615,251.00	23,611,305.47	21,135,466.53			2,468,104.55
Other Expenses (Including Contingent)	17,148,905.00	17,145,850.53	13,897,327.37	1,377,110.29		1,879,147.26

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Paid Or Charged	Expended Encumbered	Reserved
Deferred Charges and Statutory Expenditures - <u>Municipal Within "CAPS"</u>	\$ 1,154,214.00	\$ 1,154,214.00	\$ 1,154,214.00		
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,700,000.00	1,700,000.00	1,614,795.20		\$ 85,204.80
Social Security System (O.A.S.I.)	3,000.00	3,000.00	3,000.00		
Defined Contribution Retirement Program	3,483,586.00	3,483,586.00	3,483,586.00		
Police and Firemen's Retirement System of New Jersey					
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	6,340,800.00	6,340,800.00	6,255,595.20		85,204.80
Total General Appropriations for Municipal Purposes Within "CAPS"	47,104,956.00	47,097,956.00	41,288,389.10	\$ 1,377,110.29	4,432,456.61
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	3,561,968.00	3,561,968.00	3,561,968.00		
Total Other Operations - Excluded from "CAPS"	3,561,968.00	3,561,968.00	3,561,968.00		
Interlocal Municipal Service Agreements: Franklin Township Board Of Education- Transportation	134,188.00	141,188.00	140,261.51		926.49
Salaries and Wages					
Franklin Township Board Of Education- Police	239,898.00	239,898.00	239,413.16		484.84
Salaries and Wages					

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Paid Or Charged	Expended	
				Encumbered	Reserved
Senior Transportation					
Other Expenses	\$ 85,418.00	\$ 85,418.00	\$ 21,354.45	\$ 64,063.35	\$ 0.20
Somerset County - Board of Health Services					
Other Expenses	680,970.00	680,970.00	113,495.00		567,475.00
Total Interlocal Municipal Service					
Agreements - Excluded from "CAPS"	1,140,474.00	1,147,474.00	514,524.12	64,063.35	568,886.53
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<u>OFFSET BY REVENUES:</u>					
Recycling Tonnage Grant	62,971.53	62,971.53	62,971.53		
CDBG Grant		273,530.00	273,530.00		
CDBG COVID-19 Grant		160,933.00	160,933.00		
NJDEP - Clean Communities Grant		122,873.09	122,873.09		
Youth Services Annual Grant (Somerset County)		5,000.00	5,000.00		
Youth Services Annual Grant (Somerset County Competitive)		4,000.00	4,000.00		
2019-2020 Municipal Alliance Grant		9,103.05	9,103.05		
Safe & Secure Communities Grant 2020		60,000.00	60,000.00		
Safe & Secure Communities Grant 2021		32,400.00	32,400.00		
Sustainable Jersey Small Grants Program 2020		20,000.00	20,000.00		
Matching Funds	24,000.00	22,179.39	9,525.00		12,654.39
Total Public and Private Programs Offset					
by Revenues - Excluded from "CAPS"	86,971.53	772,990.06	760,335.67	-	12,654.39
Total Operations - Excluded from "CAPS"	4,789,413.53	5,482,432.06	4,836,827.79	64,063.35	581,540.92
<b>DETAIL:</b>					
Salaries and Wages	374,086.00	381,086.00	379,674.67		1,411.33
Other Expenses	4,415,327.53	5,101,346.06	4,457,153.12	64,063.35	580,129.59

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget	Budget After Modification	Paid Or Charged	Expended	
				Encumbered	Reserved
<u>Capital Improvements - Excluded from "CAPS"</u>					
Capital Improvement Fund	\$ 287,250.00	\$ 287,250.00	\$ 287,250.00		
Engineering:					
Road Resurfacing 2019	1,500,000.00	1,500,000.00	646,731.61	\$ 383,497.29	\$ 469,771.10
Information and Technology:					
Computer/Printer/Server/iPad Repl prog./ADS	550,000.00	550,000.00	159,253.17	54,287.13	336,459.70
Digital Signs	40,000.00	40,000.00	12,506.40	14,347.64	13,145.96
Sidewalk Improvements	750,000.00	750,000.00			750,000.00
Police OEM	1,300.00	1,300.00			1,300.00
Fire OEM	8,910.00	8,910.00			8,910.00
Crackseal Program	100,000.00	100,000.00			100,000.00
Municipal Building:					
HVAC Controller/mgmt Upgrade	40,000.00	40,000.00	6,927.00	16,170.00	16,903.00
Total Capital Improvements - Excluded from "CAPS"	3,277,460.00	3,277,460.00	1,112,668.18	468,302.06	1,696,489.76
<u>Municipal Debt Service - Excluded from "CAPS"</u>					
Payment of Bond Principal	1,550,000.00	1,550,000.00	1,550,000.00		
Interest on Bonds	807,625.00	807,625.00	807,625.00		
Energy Efficient Lease:					
Principal	79,182.70	79,182.70	79,182.70		
Interest	23,557.96	23,557.96	23,557.96		
Total Municipal Debt Service - Excluded from "CAPS"	2,460,365.66	2,460,365.66	2,460,365.66		

See accompanying notes to the financial statements.



TOWNSHIP OF FRANKLIN  
CURRENT FUND

STATEMENT OF EXPENDITURES- REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

				Expended		
	2020 Budget	Budget After Modification	Paid Or Charged	Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 10,527,239.19	\$ 11,220,257.72	\$ 8,409,861.63	\$ 532,365.41	\$ 2,278,030.68	
Subtotal General Appropriations	57,632,195.19	58,318,213.72	49,698,250.73	1,909,475.70	6,710,487.29	
Reserve for Uncollected Taxes	5,200,000.00	5,200,000.00	5,200,000.00			
Total General Appropriations	<u>\$ 62,832,195.19</u>	<u>\$ 63,518,213.72</u>	<u>\$ 54,898,250.73</u>	<u>\$ 1,909,475.70</u>	<u>\$ 6,710,487.29</u>	
Ref.	Below	Below	Below	A	A	A
Adopted Budget						
Appropriated by N.J.S.A. 40A:4-87		\$ 62,832,195.19				
		<u>686,018.53</u>				
	Above	<u>\$ 63,518,213.72</u>				
Reserve for Uncollected Taxes			\$ 5,200,000.00			
Cash Disbursed			48,450,556.06			
Capital Improvement Fund			287,250.00			
CARES Act Reimbursements			(890,366.00)			
Reserve for Tax Appeals			750,000.00			
Reserve for Debt Service			350,000.00			
Reserve for State and Federal Grants			<u>750,810.67</u>			
Above			<u>\$ 54,898,250.73</u>			

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>
<b>ASSETS</b>						
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>						
Trust Assessment Fund:						
Cash and Investments - Treasurer	B-2, B-6	\$ 805,370.74	\$ 801,952.56			
Assessments Receivable	B-3, B-6	122,166.85	122,166.85	B-4, B-6	\$ 122,166.85	\$ 122,166.85
				B-1, B-6	805,370.74	801,952.56
<b>Total Trust Assessment Fund</b>		<b>927,537.59</b>	<b>924,119.41</b>		<b>927,537.59</b>	<b>924,119.41</b>
Animal Control Trust Fund:						
Cash and Investments - Treasurer	B-6	403,533.29	310,180.07	B-6	133.80	229.80
				B-6	141,929.19	52,883.61
				B-6	3,210.00	3,210.00
<b>Total Animal Control Trust Fund</b>		<b>403,533.29</b>	<b>310,180.07</b>	B-5, B-6	<b>258,260.30</b>	<b>253,856.66</b>
Trust-Other Fund:						
Cash and Investments - Treasurer	B-6	14,884,855.72	14,491,705.44		568,411.94	509,064.29
				B-6	2,670.00	2,670.00
				B-6, B-8	33,707.82	56,850.81
				B-6, B-8	14,280,065.96	13,923,120.34
<b>Total Trust-Other Fund</b>		<b>14,884,855.72</b>	<b>14,491,705.44</b>		<b>14,884,855.72</b>	<b>14,491,705.44</b>
Unemployment Insurance Trust Fund:						
Cash and Investments - Treasurer	B-6	1,153,904.42	1,179,498.15	B-6	1,153,904.42	1,179,498.15
<b>Total Unemployment Insurance Trust Fund</b>		<b>1,153,904.42</b>	<b>1,179,498.15</b>		<b>1,153,904.42</b>	<b>1,179,498.15</b>
Self-Insurance Trust Fund:						
Cash and Investments - Treasurer	B-6	1,418,094.90	1,333,548.03	B-6	670.57	670.57
				B-6	681,678.27	602,421.00
				B-6	577,419.36	577,419.36
				B-6	23,104.91	23,104.91
				B-6	99,753.77	99,753.77
				B-6	35,468.02	30,178.42
<b>Total Self-Insurance Trust Fund</b>		<b>1,418,094.90</b>	<b>1,333,548.03</b>		<b>1,418,094.90</b>	<b>1,333,548.03</b>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>		<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>
<b>ASSETS</b>							
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>							
Open Space Trust Fund:							
Cash and Investments - Treasurer	B-6	\$ 8,999,438.54	\$ 7,322,083.72	Reserve for Open Space Trust Fund	B-6	\$ 3,457,269.34	\$ 5,525,743.59
Deferred Charges - Funded	B-6	9,220,000.00	11,205,000.00	Serial Bonds Payable	B-6, B-7	9,220,000.00	11,205,000.00
Due from Current Fund	B-6	14,804.00	14,804.00	Due to General Capital Fund	B-6	485,196.00	1,479,179.15
Due from General Capital Fund	B-6	3,575.85		Due to Current Fund	B-6	4,728,584.07	1,864.15
		<u>18,223,014.39</u>	<u>18,541,887.72</u>	Due to Water Operating Fund	B-6	1,864.15	330,100.83
				Accounts Payable	B-6	330,100.83	18,541,887.72
				Reserve for Encumbrances	B-6	18,223,014.39	1,046,291.29
<b>Total Open Space Trust Fund</b>		<u>18,223,014.39</u>	<u>18,541,887.72</u>	<b>Total Open Space Trust Fund</b>		<u>18,223,014.39</u>	<u>18,541,887.72</u>
Worker's Compensation Trust Fund:							
Cash and Investments - Treasurer	B-6	1,064,064.29	1,046,291.29	Worker's Compensation Trust Fund:	B-6	1,062,448.90	1,046,291.29
		<u>1,064,064.29</u>	<u>1,046,291.29</u>	Reserve for Workers' Compensation	B-6	1,615.39	
				Due to Current Fund	B-6	1,064,064.29	1,046,291.29
<b>Total Worker's Compensation Trust Fund</b>		<u>1,064,064.29</u>	<u>1,046,291.29</u>	<b>Total Worker's Compensation Trust Fund</b>		<u>1,064,064.29</u>	<u>1,046,291.29</u>
Recreation Trust Fund:							
Cash and Investments - Treasurer	B-6	806,286.70	920,478.27	Recreation Trust Fund:	B-6	31,532.86	28,377.62
Due from Grant Fund	B-6	50.34		Due to Current Fund	B-6	69,024.79	69,024.79
		<u>806,337.04</u>	<u>920,478.27</u>	Reserve for Encumbrances	B-6	705,779.39	823,075.86
				Reserve for Recreation Programs	B-6	806,337.04	920,478.27
<b>Total Recreation Trust Fund</b>		<u>806,337.04</u>	<u>920,478.27</u>	<b>Total Recreation Trust Fund</b>		<u>806,337.04</u>	<u>920,478.27</u>
Developers' Escrow Trust Fund:							
Cash and Investments - Treasurer	B-6	1,810,859.07	1,755,955.28	Developers' Escrow Trust Fund:	B-6	1,810,859.07	1,755,955.28
		<u>1,810,859.07</u>	<u>1,755,955.28</u>	Reserve for Escrows	B-6	1,810,859.07	1,755,955.28
<b>Total Developers' Escrow Trust Fund</b>		<u>1,810,859.07</u>	<u>1,755,955.28</u>	<b>Total Developers' Escrow Trust Fund</b>		<u>1,810,859.07</u>	<u>1,755,955.28</u>
Historical Preservation Trust Fund:							
Cash and Investments - Treasurer	B-6	163,270.80	162,601.90	Historical Preservation Trust Fund:	B-6	163,270.80	162,601.90
		<u>163,270.80</u>	<u>162,601.90</u>	Reserve for Historical Preservation	B-6	163,270.80	162,601.90
<b>Total Historical Preservation Trust Fund</b>		<u>163,270.80</u>	<u>162,601.90</u>	<b>Total Historical Preservation Trust Fund</b>		<u>163,270.80</u>	<u>162,601.90</u>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>		<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>
<b>ASSETS</b>							
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>							
Tax Collector's Trust Fund:							
Cash - Collector	B-6	\$ 4,174,881.89	\$ 4,107,499.64	Tax Collector's Trust Fund:	B-6	\$ 6,881.89	\$ 6,499.64
				Tax Sale Account	B-6	4,168,000.00	4,101,000.00
				Premiums Received at Tax Sale			
Total Tax Collector's Trust Fund		<u>4,174,881.89</u>	<u>4,107,499.64</u>	Total Tax Collector's Trust Fund		<u>4,174,881.89</u>	<u>4,107,499.64</u>
Payroll and Payroll Agency Fund:				Payroll and Payroll Agency Fund:			
Cash and Investments - Treasurer	B-6	1,445,720.67	1,213,387.33	Due to Current Fund	B-6	82,727.91	76,993.65
				Reserve for Payroll and Payroll Deductions	B-6	1,362,992.76	1,136,393.68
Total Payroll and Payroll Agency Fund		<u>1,445,720.67</u>	<u>1,213,387.33</u>	Total Payroll and Payroll Agency Fund		<u>1,445,720.67</u>	<u>1,213,387.33</u>
Affordable Housing Trust Fund:				Affordable Housing Trust Fund:			
Cash and Investments - Treasurer	B-6	9,543,425.65	4,677,954.99	Reserve for Affordable Housing	B-6	9,543,425.65	4,677,954.99
Total Affordable Housing Trust Fund		<u>9,543,425.65</u>	<u>4,677,954.99</u>	Total Affordable Housing Trust Fund		<u>9,543,425.65</u>	<u>4,677,954.99</u>
Police Forfeiture Fund:				Police Forfeiture Fund:			
Cash and Investments - Treasurer	B-6	157,402.06	160,418.44	Reserve for Police Forfeiture	B-6	157,402.06	160,418.44
Total Police Forfeiture Fund		<u>157,402.06</u>	<u>160,418.44</u>	Total Police Forfeiture Fund		<u>157,402.06</u>	<u>160,418.44</u>
Flexible Spending Account:				Flexible Spending Account:			
Cash and Investments - Treasurer	B-6	27,625.82	21,083.58	Reserve for Flexible Spending	B-6	27,625.82	21,083.58
Total Flexible Spending Account		<u>27,625.82</u>	<u>21,083.58</u>	Total Flexible Spending Account		<u>27,625.82</u>	<u>21,083.58</u>
Total Assets		<u>\$ 56,204,527.60</u>	<u>\$ 50,846,609.54</u>	Total Liabilities, Reserves and Fund Balances		<u>\$ 56,204,527.60</u>	<u>\$ 50,846,609.54</u>

TOWNSHIP OF FRANKLIN  
TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

B-1

	<u>Ref.</u>	
Balance Dececeber 31, 2019	B	\$ 801,952.56
Increased by:		
Funds Collected	B-2	<u>3,418.18</u>
Balance December 31, 2020	B	<u><u>\$ 805,370.74</u></u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>
Cash and Investments - Treasurer	C-2, C-3	\$ 13,319,800.59	\$ 482,183.38
Various Grants and Other Receivables	C-4	59,756.24	59,756.24
Interfunds Receivable - Current Fund	C-7	2,369,486.74	1,116,391.12
Interfunds Receivable - Grant Fund	C-7	468,500.00	468,500.00
Interfunds Receivable - Open Space Fund	C-7		1,479,179.15
Deferred Charges to Future Taxation:			
Funded	C-5	35,512,736.52	17,681,919.24
Unfunded	C-6	<u>15,654,866.74</u>	<u>29,527,331.42</u>
Total Assets		<u>\$ 67,385,146.83</u>	<u>\$ 50,815,260.55</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
General Serial Bonds	C-9	\$ 34,935,000.00	\$ 17,025,000.00
Energy Lease Payable	C-10	577,736.52	656,919.24
Interfunds Payable - Open Space Trust Fund	C-7	3,575.85	
Reserve for Encumbrances:			
Improvement Authorizations	C-8	4,659,712.71	12,512,858.77
Improvement Authorizations:			
Funded	C-8	12,410,516.26	7,827,112.15
Unfunded	C-8	13,273,452.41	12,206,316.23
Reserve for:			
Capital Improvement Fund	C-12	122,689.74	122,689.74
Various Reserves	C-11	1,333,216.38	457,280.64
Fund Balance	C-1	<u>69,246.96</u>	<u>7,083.78</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 67,385,146.83</u>	<u>\$ 50,815,260.55</u>
 Bonds and Notes Authorized But Not Issued at December 31	 C-13	 <u>\$ 15,654,866.74</u>	 <u>\$ 29,527,331.42</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 7,083.78
Increased by:		
Premium on Sale of Bonds	C-2	5,502.59
Improvement Authorizations Canceled	C-8	<u>56,660.59</u>
Balance - December 31, 2020	C	<u>\$ 69,246.96</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

D

ASSETS	Ref.	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019	LIABILITIES, RESERVES AND FUND BALANCE	Ref.	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
<b>Operating Fund:</b>							
Cash and Investments - Treasurer Change Fund	D-6 D-7	\$ 8,671,955.97 200.00	\$ 13,927,520.46 200.00	Operating Fund:			
Interfunds Receivable - Open Space	D-13	4,728,584.07		Liabilities:			
Interfunds Receivable - Current Fund	D-13	3,926.36		Appropriation Reserves	D-4, D-17	\$ 1,293,213.29	\$ 770,005.19
				Reserve for Encumbrances	D-4, D-17	1,082,227.60	1,496,494.99
				Accounts Payable	D-20	526,055.56	1,407,936.66
				Water Rent Overpayments	D-18	133,622.85	201,905.22
				Prepaid Fire Service Rents	D-19	4,337.24	7,950.46
				Interfunds Payable			
Receivables and Inventory With Full Reserves:				Water Capital	D-13	78,467.52	93,918.98
Water Rents Receivable	D-10	1,698,648.88	1,804,970.90	Water Assessment	D-13	14,487.70	14,487.70
Water Rent Liens Receivable	D-12	37,438.52	35,991.72				
Fire Service Rents Receivable	D-11	457,749.22	432,514.63	Accrued Interest on Bonds and Loans	D-21	120,380.76	30,619.80
Inventory	D	639,684.37	695,277.39				
				Reserve for Receivables	Reserve	3,252,792.52	4,023,319.00
				Fund Balance	D-1	2,833,520.99	2,968,754.64
						10,151,873.88	9,904,401.47
Total Operating Fund		16,238,187.39	16,896,475.10	Total Operating Fund		16,238,187.39	16,896,475.10
<b>Assessment Trust Fund:</b>							
Interfunds Receivable	D, D-13	14,487.70	14,487.70	Assessment Trust Fund:			
Total Assessment Trust Fund		14,487.70	14,487.70	Fund Balance	D-5, D-8	14,487.70	14,487.70
				Total Assessment Trust Fund		14,487.70	14,487.70
<b>Capital Fund:</b>							
Cash and Investments - Treasurer	D-6, D-9	9,880,961.69	4,670,493.62	Serial Bonds Payable	D-24	14,810,000.00	9,785,000.00
Fixed Capital	D-15	48,656,499.86	35,114,206.32	Environ. Infrastr. Loans Payable	D-25	70,000.00	70,000.00
Interfunds Receivable	D-14	78,467.52	93,918.97	Reserve for Encumbrances	D-22	1,464,102.94	2,094,950.64
Fixed Capital Authorized and Uncompleted	D-16	20,031,619.86	25,628,869.95	Improvement Authorizations:			
				Funded	D-22	6,388,509.35	3,439,554.07
				Unfunded	D-22	9,901,869.99	6,025,516.55
				Reserve for:			
				Capital Improvement Fund	D-26	1,530,015.01	1,525,015.01
				Various Reserves	D-23	67,589.50	67,589.50
				Amortization	D-27	41,683,979.77	39,698,936.32
				Deferred Reserve for Amortization	D-28	1,926,000.00	1,926,000.00
				Fund Balance	D-2	875,482.37	874,926.77
Total Capital Fund		78,647,548.93	65,507,488.86	Total Capital Fund		78,647,548.93	65,507,488.86
Total Assets		\$ 94,900,224.02	\$ 82,418,451.66	Total Liabilities, Reserves and Fund Balance		\$ 94,900,224.02	\$ 82,418,451.66
				Bonds and Notes Authorized Not Issued	D-29	\$ 10,268,139.95	\$ 9,263,139.95



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>REVENUE AND OTHER INCOME</u>	Ref.	Years Ended December 31,	
		<u>2020</u>	<u>2019</u>
Operating Fund Balance	D-3	\$ 1,000,000.00	\$ 1,000,000.00
Water Rents	D-3	11,660,431.48	11,644,246.26
Fire Service Rents	D-3	1,156,592.32	1,159,044.30
Miscellaneous	D-3	1,189,685.73	1,848,347.58
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	D-17	625,182.25	1,108,826.98
Accounts Payable Canceled	D-20	947,470.29	
Other			3,452.43
		16,579,362.07	16,763,917.55
Total Revenues			
 <u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	D-4	12,623,634.00	12,111,897.00
Capital Improvements	D-4	530,000.00	522,500.00
Debt Service	D-4	1,710,255.66	1,626,372.61
Statutory Expenditures	D-4	468,000.00	456,000.00
		15,331,889.66	14,716,769.61
Total Expenditures			
Excess of Revenues/Statutory Excess to Fund Balance		1,247,472.41	2,047,147.94
 <u>FUND BALANCE</u>			
Balance, December 31,	D	9,904,401.47	8,857,253.53
		11,151,873.88	10,904,401.47
Decreased by:			
Utilized as Anticipated Revenue	D-3	1,000,000.00	1,000,000.00
Balance, December 31,	D	\$ 10,151,873.88	\$ 9,904,401.47

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	D	\$ 874,926.77
Increased by:		
Premium on Bonds Issued	D-6	<u>555.60</u>
Balance, December 31, 2020	D	<u><u>\$ 875,482.37</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-3

WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	2020 <u>Budget</u>	<u>Realized</u>	(Deficiency) <u>Excess</u>
Fund Balance Utilized	D-1	\$ 1,000,000.00	\$ 1,000,000.00	
Water Rents	D-1, Below	11,600,000.00	11,660,431.48	\$ 60,431.48
Fire Service Rents	D-1, Below	1,000,000.00	1,156,592.32	156,592.32
Miscellaneous	D-1, Below	<u>1,803,453.00</u>	<u>1,189,685.73</u>	<u>(613,767.27)</u>
	D-4	<u>\$ 15,403,453.00</u>	<u>\$ 15,006,709.53</u>	<u>\$ (396,743.47)</u>

Analysis of Realized Revenues:

Analysis of Water Rents:

Water Rent Collections	D-6, D-10		\$ 11,474,100.15	
Water Rent Overpayments Applied	D-10		182,404.97	
Water Rent Liens Collected-Current Fund	D-12		<u>3,926.36</u>	
	Above		<u>\$ 11,660,431.48</u>	

Analysis of Fire Service Rents:

Fire Service Rent Collections	D-6		\$ 1,148,641.86	
Prepaid Fire Service Rents Applied	D-11		<u>7,950.46</u>	
	Above		<u>\$ 1,156,592.32</u>	

Analysis of Miscellaneous:

Collector:

Connections		\$ 824,209.76		
Sales of Meters		74,195.54		
Water Taps		50,707.41		
Installation and Inspection Fees		2,325.00		
Interest on Delinquencies		121,036.17		
Miscellaneous		<u>18,992.93</u>		
	D-6		\$ 1,091,466.81	

Treasurer:

Miscellaneous	D-6	77,767.47		
Interest - Water Capital Fund	D-13, D-14	<u>20,451.45</u>		
			<u>98,218.92</u>	
	Above		<u>\$ 1,189,685.73</u>	

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 <u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	\$ 2,408,815.00	\$ 2,408,815.00	\$ 2,161,150.66		\$ 247,664.34	
Other Expenses	8,929,819.00	8,918,604.64	7,307,136.91	\$ 1,061,651.30	549,816.43	
Health Benefits	1,160,000.00	1,161,214.36	1,161,214.36			
Insurance - Other	135,000.00	135,000.00	134,420.97	286.41	292.62	
Capital Improvements:						
Capital Improvement Fund	5,000.00	5,000.00	5,000.00			
Capital Outlay	525,000.00	525,000.00	16,784.95	20,289.89	487,925.16	
Debt Service:						
Payment of Bond Principal	1,280,000.00	1,280,000.00	1,280,000.00			\$ 70,239.28
Interest on Bonds	426,144.00	426,144.00	355,904.72			1,324.06
Loan Repayments for Principal and Interest	75,675.00	75,675.00	74,350.94			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	285,000.00	285,000.00	285,000.00			
Social Security System (O.A.S.I.)	165,000.00	175,000.00	167,485.26		7,514.74	
Disability Insurance	8,000.00	8,000.00	8,000.00			
	<u>\$ 15,403,453.00</u>	<u>\$ 15,403,453.00</u>	<u>\$ 12,956,448.77</u>	<u>\$ 1,082,227.60</u>	<u>\$ 1,293,213.29</u>	<u>\$ 71,563.34</u>
	D-3	D-3	Below	D	D	D-1
Cash Disbursed			\$ 12,861,687.81			
Accrued Interest on Bonds			89,760.96			
Due to Water Capital Fund			<u>5,000.00</u>			
	Above		<u>\$ 12,956,448.77</u>			

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY TRUST ASSESSMENT FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Ref.

Balance, December 31, 2020 and 2019	D	<u>\$ 14,487.70</u>
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TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
DECEMBER 31, 2020 and 2019

	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Balance</u> <u>December 31, 2019</u>
<u>ASSETS</u>			
State Aid Receivable	E-5	\$ <u>2,561.30</u>	\$ <u>2,081.00</u>
		\$ <u>2,561.30</u>	\$ <u>2,081.00</u>
<u>LIABILITIES</u>			
Accounts Payable	E-1, E-2	\$ <u>2,561.30</u>	\$ <u>2,081.00</u>
		\$ <u>2,561.30</u>	\$ <u>2,081.00</u>

TOWNSHIP OF FRANKLIN  
GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF GENERAL FIXED ASSETS-REGULATORY BASIS  
DECEMBER 31, 2020 AND 2019

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>General Fixed Assets</u>		
Buildings	\$ 17,892,500.00	\$ 17,892,500.00
Land	36,002,700.00	36,002,700.00
Equipment and vehicles	<u>23,288,550.92</u>	<u>23,090,198.82</u>
	<u>\$ 77,183,750.92</u>	<u>\$ 76,985,398.82</u>
 <u>Reserve</u>		
Investment in General Fixed Assets	<u>\$ 77,183,750.92</u>	<u>\$ 76,985,398.82</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 in the United States of America ("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, 2020 AND 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Funds

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 GAAP. 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, which differ from the fund structure required by GAAP:

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
- Assessment 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 and 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.

General Fixed Assets - the General Fixed Assets Account Group 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 acquisition value on the date of donation. No depreciation is recorded on general fixed assets.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from GAAP applicable to local governmental units. The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of the transactions or events for recognition in the financial statements.

All governmental, proprietary and trust funds utilize the “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of period. The more significant accounting policies and differences in the State of New Jersey 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

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet.

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

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

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

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at 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. GAAP would have an offsetting reserve..

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 when the terms of the sales contracts become legally enforceable.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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 Note 3. Capital lease payable amounts are recorded within the General Capital Fund. 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 long-term debt.

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 these 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). The audited financial information related to OPEBs is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the State of New Jersey Department of Community Affairs, Division of Local Government Services (DLGS) issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the DLGS discretion to permit the most recent available audited GASB 75 financial information to be incorporated into the audited financial

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements. As a result, the latest available audited information reported under the regulatory basis of accounting, which differs from GAAP, is presented in Note 9.

Governmental Fixed Assets - 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.

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. Cash and cash equivalents include petty cash, amounts on deposit, money market accounts and short term investments with original maturities of three months or less from date of purchase.

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:

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has reviewed the requirements of the Statement and does not believe it has any impact on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not determined the impact of the statement on the financial statements.

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

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020.

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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB issued Statement No. 91 *Conduit Debt Obligations* in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

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 in 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, 2020 AND 2019

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

	2020	2019
<u>Issued:</u>		
General:		
General Serial Bonds	\$ 34,935,000.00	\$ 17,025,000.00
Energy Lease Payable	577,736.52	656,919.24
Open Space Trust:		
Bonds and Notes	9,220,000.00	11,205,000.00
Water Utility:		
Serial Bonds	14,810,000.00	9,785,000.00
Environmental Infrastructure Loan		70,000.00
Total Issued	59,542,736.52	38,741,919.24
Deductions	700,470.00	11,567,075.57
<u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	15,015,788.74	29,527,331.42
Water Utility:		
Bonds and Notes	10,268,139.95	9,263,139.95
Total Authorized But Not Issued	25,283,928.69	38,790,471.37
Net Bonds and Notes Issued and		
Authorized but not Issued	\$ 84,126,195.21	\$ 65,965,315.04

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<u>General Debt:</u>		
\$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%	\$ 5,750,000.00	\$ 6,500,000.00
\$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%	9,725,000.00	10,525,000.00
\$6,795,000.00 Open Space Trust Fund Refunding Bonds Series 2014, due in annual installments of \$1,135,000.00 through January 15, 2022, Interest at 4.00%	2,270,000.00	3,405,000.00
\$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%	2,250,000.00	2,500,000.00
\$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%	4,700,000.00	5,300,000.00
\$19,460,000.00 General Improvement Bonds Series 2020, due in annual installments of \$590,000.00 to \$1,175,000.00 through June 15, 2040, Interest at 2.00% to 4.00%	19,460,000.00	
<u>Program Loans:</u>		
\$1,132,878.21 Energy Efficient Equipment Lease; due in annual installments of \$84,692.27 to \$111,713.64 through September 7, 2026, Interest at 3.7529%	<u>577,736.52</u>	<u>656,919.24</u>
Total General Debt	<u>44,732,736.52</u>	<u>28,886,919.24</u>



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

<u>Water Utility Debt:</u>	<u>2020</u>	<u>2019</u>
\$855,000.00, Infrastructure Water Loan, with the final installment of \$70,000.00 paid on August 1, 2020		\$ 70,000.00
\$5,440,000.00 Water Utility Bonds Series 2010, with the final installment of \$555,000.00 paid on May 15, 2020		555,000.00
\$6,580,000.00 Water Utility Bonds Series 2014, due in annual installments of \$455,000.00 to \$525,000.00 through November 1, 2029, interest at 2.00% to 3.00%	\$ 4,405,000.00	4,830,000.00
\$6,305,000.00 Water Utility Bonds Series 2020, due in annual installments of \$190,000.00 to \$375,000.00 through June 15, 2040, interest at 2.00% to 4.00%	6,305,000.00	
\$5,000,000.00, Water Utility Bonds, Series 2017, due in annual installments of \$500,000.00 to \$600,000.00 through December 15, 2027, interest from 2.00% to 4.00%	<u>4,100,000.00</u>	<u>4,400,000.00</u>
Total Water Utility Debt	<u>14,810,000.00</u>	<u>9,855,000.00</u>
Total Debt Issued and Outstanding	<u>\$ 59,542,736.52</u>	<u>\$ 38,741,919.24</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 81,620,000.00	\$ 81,620,000.00	\$ -
Water Utility Debt	25,078,139.95	25,078,139.95	-
General Debt	<u>60,533,817.94</u>	<u>14,281,343.42</u>	<u>46,252,474.52</u>
	<u>\$ 167,231,957.89</u>	<u>\$ 120,979,483.37</u>	<u>\$ 46,252,474.52</u>

Net Debt \$ 46,252,474.52 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$10,839,917,397.67 = 0.427%

<u>2019</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 87,645,000.00	\$ 87,645,000.00	\$ -
Water Utility Debt	19,118,139.95	19,118,139.95	-
General Debt	<u>58,414,250.66</u>	<u>11,567,616.29</u>	<u>46,846,634.37</u>
	<u>\$ 165,177,390.61</u>	<u>\$ 118,330,756.24</u>	<u>\$ 46,846,634.37</u>

Net Debt \$ 46,846,634.37 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$10,433,618,026.33 = 0.449%

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

	<u>2020</u>	<u>2019</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 379,397,108.92	\$365,176,630.92
	<u>46,252,474.52</u>	<u>46,846,634.37</u>
Remaining Borrowing Power	<u>\$ 333,144,634.40</u>	<u>\$318,329,996.55</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 an energy lease in the amount of \$1,091,900.00, and additional capitalized interest of \$40,978.21. The energy lease runs through the 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. The principal balance at December 31, 2020 and 2019 is \$577,736.52 and \$656,919.24, respectively.

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>2020</u>	<u>2019</u>
Cash Receipts from Fees, Rents, Fund Balance Utilized or Other Charges for Year	\$ 15,006,709.53	\$ 15,651,638.14
Deductions:		
Operating and Maintenance Costs	13,091,634.00	12,567,897.00
Debt Service	1,710,255.66	1,626,372.61
Total Deductions	14,801,889.66	14,194,269.61
Excess in Revenues	\$ 204,819.87	\$ 1,457,368.53

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 Operating Fund is as follows:

	<u>2020</u>	<u>2019</u>
Excess in Revenues - Cash Basis (D-1)	\$ 1,247,472.41	\$ 2,047,147.94
Add: Capital Improvements	530,000.00	522,500.00
	1,777,472.41	2,569,647.94
Less: Appropriation Reserves Cancelled	625,182.25	1,108,826.98
Other Additions to Operations	947,470.29	3,452.43
	1,572,652.54	1,112,279.41
Excess in Revenues	\$ 204,819.87	\$ 1,457,368.53

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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>
2021	\$ 2,140,000.00	\$ 1,233,033.33	\$ 1,245,000.00	\$ 504,740.14
2022	2,185,000.00	899,325.00	1,265,000.00	383,281.25
2023	2,210,000.00	836,925.00	1,265,000.00	348,181.25
2024	2,210,000.00	772,775.00	1,315,000.00	311,487.50
2025	2,235,000.00	701,875.00	1,330,000.00	266,900.00
2026-2030	10,410,000.00	2,413,050.00	4,700,000.00	724,250.00
2031-2035	7,670,000.00	966,500.00	1,815,000.00	279,750.00
2036-2040	5,875,000.00	293,750.00	1,875,000.00	93,750.00
<b>TOTAL</b>	<b>\$ 34,935,000.00</b>	<b>\$ 8,117,233.33</b>	<b>\$ 14,810,000.00</b>	<b>\$ 2,912,340.14</b>

Year	<u>OPEN SPACE</u>		<u>TOTAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2021	\$ 1,985,000.00	\$ 269,162.50	\$ 5,370,000.00	\$ 2,006,935.97
2022	1,985,000.00	204,262.50	5,435,000.00	1,486,868.75
2023	750,000.00	158,562.50	4,225,000.00	1,343,668.75
2024	750,000.00	138,250.00	4,275,000.00	1,222,512.50
2025	650,000.00	112,625.00	4,215,000.00	1,081,400.00
2026-2030	2,500,000.00	294,750.00	17,610,000.00	3,432,050.00
2031-2035	600,000.00	27,000.00	10,085,000.00	1,273,250.00
2036-2040			7,750,000.00	387,500.00

<b>TOTAL</b>	<b>\$ 9,220,000.00</b>	<b>\$ 1,204,612.50</b>	<b>\$ 58,965,000.00</b>	<b>\$ 12,234,185.97</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, 2020 AND 2019

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	Fund Balance <u>December 31, 2020</u>	Utilized in <u>Succeeding Year's Budget</u>
Current Fund	\$ 25,786,849.76	\$ 9,130,229.10
Water Utility Operating Fund	10,151,873.88	2,273,754.00

	Fund Balance <u>December 31, 2019</u>	Utilized in <u>Succeeding Year's Budget</u>
Current Fund	\$ 24,976,282.04	\$ 8,178,335.66
Water Utility Operating Fund	9,904,401.47	1,000,000.00

Note 5: DEFERRED COMPENSATION

The Township has 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 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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 6: DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$25,000,000.00. 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, 2020 and 2019, the cash and cash equivalents of the Township consisted of the following:

	<u>2020</u>		<u>2019</u>
Cash (Demand Accounts)	\$ 123,661,110.46	\$	99,994,128.41
Change Funds (On-Hand)	<u>1,455.00</u>	<u>\$</u>	<u>1,455.00</u>
	<u>\$ 123,662,565.46</u>	<u>\$</u>	<u>99,995,583.41</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, 2020, the carrying amount of the Township's deposits was \$123,661,110.46 and the amount of bank balances on deposit was \$126,436,157.10.

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, 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 are in possession of an outside party.

Concentration of Credit Risk - This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investments 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 has an investment policy regarding Credit Risk as the outlined in 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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 6: DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2020, the Township was subject to Custodial Credit Risk in the following amounts:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured - FDIC	\$ 1,101,520.72
Insured - NJGUDPA (N.J.S.A. 17:9-41)	123,554,572.02
Uninsured	<u>1,780,064.36</u>
 Total	 <u>\$ 126,436,157.10</u>

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

**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 bears 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.

The Township did not have any investments at December 31, 2020 and 2019.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 13.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The New Jersey Statutes allow a grace period of 10 days for each payment period. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1<sup>st</sup> of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

Note 8: PENSION PLANS

Substantially, all Township employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). 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 to plan members and beneficiaries.

The plans are 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 and Benefits.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. The current rate of required contribution of annual covered payroll is 7.50% for PERS employees and 10.00% for PFRS. In addition, the PERS and PFRS bills the Township annually at an actuarially determined rate for its required contribution.

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, 2020, 2019 and 2018 were \$1,439,214.00, \$1,350,315.00 and \$1,316,390.00, respectively, equal to the required contributions for each year. The Township's contributions to the PFRS for the years ended December 31, 2020, 2019 and 2018 were \$3,483,586.00, \$3,394,144.00 and \$3,130,317.00, respectively, equal to the required contributions for each year.



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

**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, 2020 and 2019, the Township's liability for its proportionate share of the net pension liability was \$23,754,202.00 and \$26,180,411.00, respectively. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019, respectively. 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, 2020, the Township's proportion was 0.1456653080 percent, which was an increase of 0.003677752 percent from its proportion measured as of June 30, 2019. At December 31, 2020 and 2019, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

Year ended December 31, 2020

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of assumptions	\$ 770,613	\$ 9,946,109
Difference between expected and actual experience	432,525	84,005
Net difference between projected and actual earnings on pension plan investments	811,938	
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,531,676	614,577
Township contributions subsequent to the measurement date	758,243	
	<b><u>\$ 4,304,995</u></b>	<b><u>\$ 10,644,691</u></b>

Year ended December 31, 2019

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of assumptions	\$ 2,614,210	\$ 9,087,138
Difference between expected and actual experience	469,904	115,653
Net difference between projected and actual earnings on pension plan investments	-	413,268
Changes in proportion and differences between Township contributions and proportionate share of contributions	2,273,192	900,470
Township contributions subsequent to the measurement date	670,531	
	<b><u>\$ 6,027,837</u></b>	<b><u>\$ 10,516,529</u></b>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

\$758,243.00 and \$670,531.00 as of December 31, 2020 and 2019, 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 GAAP:

2021	\$ (2,667,213)
2022	(2,497,596)
2023	(1,257,437)
2024	(541,699)
2025	(133,994)
	\$ (7,097,939)

*Actuarial Assumptions*

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018. The total collective pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
Investment rate of return	3.75%

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

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

*Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

*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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8. PENSION PLANS (CONTINUED)

made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% 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 June 30, 2020 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	decrease (5.00%)	discount rate (7.00%)	increase (8.00%)
Township's proportionate share of the net pension liability	\$ 29,902,578	\$ 23,754,202	\$ 18,537,138

The following presents the Township's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	decrease (5.28%)	discount rate (6.28%)	increase (7.28%)
Township's proportionate share of the net pension liability	\$ 33,300,172	\$ 26,180,411	\$ 20,516,602

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 Public Employees Retirement System.

*Additional Information*

Deferred outflows of resources	\$	2,347,583,337
Deferred inflows of resources	\$	7,849,949,467
Net pension liability	\$	16,435,616,426
 Township's Proportion		 0.1456653080%

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	3,149,522,616
Deferred inflows of resources	\$	7,645,087,574
Net pension liability	\$	18,143,832,135
 Township's Proportion		 0.1452975328%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2020 and 2019 were \$407,705,399.00 and \$974,471,686.00, respectively.

The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively.

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

At December 31, 2020 and 2019, the Township's liability for its proportionate share of the net pension liability was \$42,332,765.00 and \$42,204,779.00, respectively. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Township's proportion was 0.3276195388 percent, which was a decrease of 0.0172522024 percent from its proportion measured as of June 30, 2019.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

At December 31, 2020, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 106,530	\$ 11,349,161
Differences between expected and actual experience	426,786	151,927
Net difference between projected and actual earnings on pension plan investments	2,482,168	
Changes in proportion and differences between Township contributions and proportionate share of contributions	385,443	3,011,500
Township contributions subsequent to the measurement date	1,769,493	
	<u>\$ 5,170,420</u>	<u>\$ 14,512,588</u>

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 1,446,166	\$ 13,640,198
Differences between expected and actual experience	356,263	267,206
Net difference between projected and actual earnings on pension plan investments		571,861
Changes in proportion and differences between Township contributions and proportionate share of contributions	904,153	997,950
Township contributions subsequent to the measurement date	1,661,534	
	<u>\$ 4,368,116</u>	<u>\$ 15,477,215</u>

\$1,769,493.00 and \$1,661,534.00 are reported as deferred outflows of resources as of December 31, 2020 and 2019, 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 GAAP:

**Year ended December 31:**

2021	\$ (4,487,510)
2022	(3,363,980)
2023	(1,713,085)
2024	(862,249)
2025	(684,837)
	<u>\$ (11,111,661)</u>

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

*Actuarial Assumptions*

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through all future years	3.25 - 15.25%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through all future years	3.25 - 15.25%
	based on years of service
Investment rate of return	7.00%

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

*Mortality Rates*

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. developed markets eq	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.90%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability as of June 30, 2020 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
Township's proportionate share of the net pension liability	\$ 56,293,865	\$42,332,765	\$ 30,737,006

The following presents the Township's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

	At 1% decrease (5.85%)	At current discount rate (6.85%)	At 1% increase (7.85%)
Township's proportionate share of the net pension liability	\$ 57,045,482	\$42,204,779	\$ 29,921,959

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

*Additional Information*

Collective balances of the Local Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	1,601,195,680
Deferred inflows of resources	\$	4,191,274,402
Net pension liability	\$	14,926,648,722
 Township's Proportion		 0.3276195388%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$949,220,570.

Collective balances of the Local Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	1,198,936,924
Deferred inflows of resources	\$	4,874,748,912
Net pension liability	\$	14,170,193,618
 Township's Proportion		 0.3448717412%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$1,325,963,796.

The average of the expected remaining service lives of all plan members is 5.90, 5.92, 5.73, 5.59, 5.58, 5.53, and 6.17 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, 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 legislation, which legally obligates the State, is as follows: Chapter 8 P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2020 and 2019 is 0.3276195388% and 0.3014830269% respectively, and the non-employer contributing entities' contribution for the year ended December 31, 2020 and 2019 was \$505,546 and \$392,537, respectively. The State's proportionate share of the net pension liability

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 8: PENSION PLANS (CONTINUED)

attributable to the Township for the years ended December 31, 2020 and 2019 was \$6,569,852 and \$5,825,782, respectively.

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 (the "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 December 31, 2020, the membership in the DCRP, based on information within the Division's database, was approximately 46,550.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employees' base salary plus an additional 1.05% for insurance. 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, 2020 and 2019, the DCRP covered payroll was \$389,573.00 and \$345,282.30, respectively. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township contributions to the DCRP were 3% of covered wages.

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

In addition to the pension and retirement 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 with the Township, or go out on disability with 10 years of service or more. 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 90% of payments for plan benefits being funded by the Township. Employees pay a certain percentage of the premiums.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 2020 and 2019 totaled \$2,573,892, and \$2,237,054, respectively and is a closed plan.

The Township hired an actuary to perform the calculation as of December 31, 2020 for the Township plan on a rolled forward basis from 2019 and the required information is presented on the following pages.

*Employees Covered by Benefit Terms*

At December 31, 2020, there are approximately 144 retired employees and 198 active employees covered by the plan.

*Total OPEB Liability*

The total OPEB liability from the Township's plan as of December 31, 2020 and 2019 is \$150,105,770 and \$148,799,236, respectively.

*Actuarial assumptions and other inputs*

The total OPEB liability of \$150,105,770 was reported in the December 31, 2020 actuarial valuation prepared by the Township's actuary, Aon, which was determined using a discount rate of 2.12% and healthcare cost trend rates of 6.40% for all retirees, decreasing to a 4.50% long-term trend rate after nine years for all retirees. For dental benefits, the trend is 4.50% for all years.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of January 1, 2020 rolled forward to December 31, 2020. Changes in the total OPEB liability for the year ended December 31, 2020 is as follows:

Balance - December 31, 2019	\$	107,504,114
Changes for the year:		
Sevice cost		3,584,661
Interest cost		4,508,780
Benefit payments		(2,237,054)
Actuarial assumption changes		35,438,735
Net changes		<u>41,295,122</u>
Balance - December 31, 2020	\$	<u>148,799,236</u>

Changes of assumptions and other inputs reflect a discount rate of 2.12% in 2020 based on the Bond Buyer 20 Index at December 31, 2020.

The total OPEB expense for the year ended December 31, 2020 was \$12,372,566.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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 at December 31, 2020, if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	<u>At 1% Decrease 1.12%</u>	<u>At Current Rate 2.12%</u>	<u>At 1% Increase 3.12%</u>
Net OPEB Liability	<u>\$ 185,193,513</u>	<u>\$ 150,105,770</u>	<u>\$ 121,486,781</u>

*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 at December 31, 2020, if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate:

	<u>At 1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>At 1% Increase</u>
Net OPEB Liability	<u>\$ 117,126,375</u>	<u>\$ 150,105,770</u>	<u>\$ 192,316,993</u>

*Funding Status and Funding Progress*

As of December 31, 2020, 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.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

*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 include 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:

Spouse Age Difference and 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 rates were based upon PUBGH2010 with Fully Generational Projection Scale MP 2020, "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 accumulates 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 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 \$5,208,715.98 and \$5,399,529.13 at December 31, 2020 and 2019, 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, 2020 AND 2019

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, 2020. In addition, the Township 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 Year Ended December 31, 2020, 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 Worker's Compensation Fund reserve and the Environmental/Impairment reserve at December 31, 2020 and 2019 were:

2020

	Balance December 31, 2019	Increases to Reserves	Decreases To Reserves	Balance December 31, 2020
Other Insurance Reserves	\$ 626,196.48	\$122,287.19	\$ 43,029.92	\$ 705,453.75
Worker's Compensation	1,046,291.29	107,629.92	91,472.31	1,062,448.90
Environmental Impairment	99,753.77			99,753.77

2019

	Balance December 31, 2018	Increases to Reserves	Decreases To Reserves	Balance December 31, 2019
Other Insurance Reserves	\$ 445,375.10	\$240,026.12	\$ 59,204.74	\$ 626,196.48
Worker's Compensation	963,782.23	162,956.76	80,447.70	1,046,291.29
Environmental Impairment	99,753.77	-	-	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 regulations of the Department of Banking and 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, 2020 AND 2019

Note 11: RISK MANAGEMENT (CONTINUED)

law enforcement liability and worker’s compensation claims. 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, 2019, the CJ JIF reported for all years combined, total assets of \$24,237,349.82, liabilities and reserves of \$12,353,962.65, which includes case and IBNR reserves of \$10,601,820.81, and an unrestricted net position of \$11,883,387.17.

At December 31, 2020, the CJ JIF reported for all years combined, total assets of \$26,098,359, liabilities and reserves of \$13,820,989, which includes case and IBNR reserves of \$11,458,005, and an unrestricted net position of \$12,277,370.

See Note 13 - 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. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

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 earnings and remittances to the State are as follows:

Calendar Year	Net Interest Earnings/Employee Contributions/ Remittances	Ending Balance
2020	\$ (25,593.73)	\$ 1,153,904.42
2019	(17,702.93)	1,179,498.15
2018	(39,241.14)	1,197,201.08



TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 12: 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 be 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 2019 were \$507,443.63 and the taxes in 2020, as listed above, that otherwise would have been due on these long-term tax exemptions amounted to \$640,875.61, based upon the assessed valuations of the long-term tax exemptions properties.

Note 13: COMMITMENTS AND CONTINGENCIES

The Township participates in various Federal awards 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, 2020, 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 or 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, 2020, the Township has \$1,450,550.36 available for this purpose in the reserve for tax appeals in the current fund and has appropriated \$750,000.00 in the 2021 budget, which may be utilized to the extent available.

At December 31, 2020, the Township has commitments outstanding in the General Capital Fund in the amount of \$4,659,712.71 and \$1,464,102.94 in the Water Utility Capital Fund.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 14: INTERFUNDS

The following interfund balances remained on the balance sheets of each respective fund at December 31, 2020:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current	\$ 1,346,881.31	\$ 2,383,571.87
Grant	12,828.77	468,550.34
Animal Control Trust		141,929.19
Trust - Other		571,081.94
Self-Insurance Trust		35,468.02
Open Space Trust	3,575.85	5,213,780.07
Workers Compensation Trust		1,615.39
Recreation Trust	50.34	31,532.86
Payroll and Payroll Agency		82,727.91
General Capital	2,837,986.74	3,575.85
Water Utility Operating	4,732,510.43	92,955.22
Water Utility Assessment	14,487.70	
Water Utility Capital	78,467.52	
Totals	<u>\$ 9,026,788.66</u>	<u>\$ 9,026,788.66</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 15: SUBSEQUENT EVENTS

The Township has evaluated the possibility of subsequent events existing in the Township's financial statements occurring from December 31, 2020 through December 13, 2021, the date the financial statements were available to be issued.

Subsequent to year end, the COVID-19 (coronavirus) pandemic has resulted in substantial economic volatility on a global scale. As a result, the Township's economically sensitive revenues (i.e. property taxes, water utility collections, interest earnings, fees, state and federal aid) might be negatively impacted. Collection rates on real property taxes might be slowed due to economic conditions nationally. Meanwhile, the Township's expenditures for public safety and health service functions would all be expected to increase. These factors were taken into consideration in the development of the fiscal year 2021 adopted budget. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the actual impact on the Township's financial position at this time.

TOWNSHIP OF FRANKLIN  
SOMERSET COUNTY, NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

Note 15: SUBSEQUENT EVENTS (CONTINUED)

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 in the 2021 fiscal year:

Ord. No.	Description	Total Authorized	Bonds and Notes Authorized
4341-21	Purchase of Property	\$ 1,111,630	\$ -
4342-21	Various Capital Improvements	\$ 4,292,597	\$ 4,077,943
4343-21	Various Capital Improvements-Water	\$ 2,368,750	\$ 2,250,075

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-4

SCHEDULE OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2019	A	\$ 39,442,096.38	\$ 1,967,195.88
<b>Increased by Cash Receipts</b>			
Miscellaneous Revenue Not Anticipated	A-2, A-8	\$ 1,090,519.48	
Miscellaneous Anticipated Revenue	A-2, A-8	13,188,730.14	
Prepaid Taxes	A-7	3,109,879.47	
Taxes Receivable	A-7	237,880,486.62	
Tax Title Liens Receivable	A-7	349,037.57	
NJ Sr Citizens and Veterans Deductions	A-6	276,560.96	
Various Accounts Payable and Reserves	A-9	275,042.00	
Petty Cash Returned	A-5	1,650.00	
Tax Overpayments	A-10	273,429.82	
CARES ACT Funds-COVID 19	A-3	890,366.00	
Interfunds (Net)	A-12, A-16	433,972.75	\$ 21,045.57
Grants Receivable	A-14		508,481.51
Grants Unappropriated	A-17		2,500.00
<b>Total Cash Receipts</b>		<u>257,769,674.81</u>	<u>532,027.08</u>
<b>Decreased by Cash Disbursements</b>			
Budget Appropriations	A-3	48,450,556.06	
Tax Overpayments	A-10	187,154.68	
Taxes Payable	A-11	201,007,324.14	
Appropriation Reserves	A-13	2,342,431.10	
Various Accounts Payable and Reserves	A-9	2,310,874.29	
Petty Cash Advanced	A-5	1,650.00	
Grant Appropriations	A-15		481,346.23
<b>Total Cash Disbursements</b>		<u>254,299,990.27</u>	<u>481,346.23</u>
Balance, December 31, 2020	A	<u>\$ 42,911,780.92</u>	<u>\$ 2,017,876.73</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-5

SCHEDULE OF PETTY CASH AND CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance		Advanced	Returned	Balance	
	December 31, 2019				December 31, 2020	
Change Funds:						
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	
Petty Cash Funds:						
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>\$</u>	<u>1,650.00</u>	<u>\$</u>	<u>1,255.00</u>

Ref. A A-4 A-4 A A

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -  
SENIOR CITIZENS AND  
VETERANS DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020

A-6

	<u>Ref.</u>	
Balance, December 31, 2019	A	\$ 23,943.83
Increased by:		
Sr Citizens & Vet. Deductions - Original Levy	Below	\$ 284,875.00
Deductions Allowed by Tax Collector - Current Year	Below	<u>2,000.00</u>
Total Increases		<u>286,875.00</u>
		310,818.83
Decreased by:		
Cash Received from State of NJ	A-4, Below	276,560.96
Deductions Disallowed by Tax Collector - Current Year	Below	<u>757.53</u>
Total Decreases		<u>277,318.49</u>
Balance, December 31, 2020	A	<u>\$ 33,500.34</u>
<u>Analysis of Realized Revenues:</u>		
Sr. Cit. And Vets. Deduction per Tax Billing	Above	\$ 284,875.00
Add: Deductions Allowed	Above	2,000.00
Less: Deductions Disallowed	Above	<u>757.53</u>
Realized Revenue - 2020	A-2, A-7	<u>\$ 286,117.47</u>
<u>Analysis of Senior Citizens/Veterans Reimbursement by State (P.L. 1976, c.73):</u>		
Funds Received from State of New Jersey		\$ 282,092.18
Less: Administrative Fee	A-2	<u>(5,531.22)</u>
	Above, A-4	<u>\$ 276,560.96</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-7

SCHEDULE OF TAXES RECEIVABLE AND LEVY ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Year	Balance, December 31, 2019	Added Taxes and Levy	Collected	2020	State Veterans' and Senior Citizens' Deductions	Transferred to Tax Title Liens	Adjustments and Cancelled	Balance, December 31, 2020
Arrears	\$ 7,641.31						\$ 3.45	7,637.86
2014	1,795.56							1,795.56
2015	1,821.30							1,821.30
2016	177,710.92							177,710.92
2017	92,579.81							92,579.81
2018	99,374.98			3,804.18		(29.83)	(11.67)	95,612.30
2019	2,504,718.28			2,244,826.90			164,427.97	95,463.41
Subtotal	<u>2,885,642.16</u>			<u>2,248,631.08</u>		<u>(29.83)</u>	<u>164,419.75</u>	<u>472,621.16</u>
2020		\$ 241,399,357.24	\$ 2,689,871.86	235,631,855.54	\$ 286,117.47	69,525.02	100,155.63	2,621,831.72
		<u>\$ 241,399,357.24</u>	<u>\$ 2,689,871.86</u>	<u>\$ 237,880,486.62</u>	<u>\$ 286,117.47</u>	<u>\$ 69,495.19</u>	<u>\$ 264,575.38</u>	<u>\$ 3,094,452.88</u>
<u>Ref.</u>	A	Below	A, A-2	A-2, A-4	A-2, A-6	Below	Reserve	A
<u>Prepaid Taxes - 2020</u>								
		\$ 3,109,879.47						
<u>Ref.</u>	A, A-4	A, A-4						
<u>Analysis of 2020 Property Tax Levy:</u>								
<u>General Purpose Tax:</u>								
General Property Tax		\$ 239,514,907.97				\$ 375,063.86		A
Added Taxes		1,884,449.27				69,495.19		Above
			<u>\$ 241,399,357.24</u>			135,118.50		Reserve
						(349,037.57)		A-4
<u>Ref.</u>	Below							
<u>Tax Levy:</u>								
Local District School Tax Levy		\$ 151,105,752.00				\$ 230,639.98		A
County Tax		33,661,564.99						
County Open Space		3,181,301.60						
County Added and Omitted		299,555.55						
Special District Taxes		7,453,451.00						A-6, Above
Municipal Open Space Levy		5,305,699.00						Above
			\$ 201,007,324.14					Above
<u>Ref.</u>	A-11							A-1, A-2
<u>Local Taxes:</u>								
Municipal Purposes		\$ 35,136,502.00				\$ 238,607,844.87		A
Library		3,561,968.00						Above
		<u>38,698,470.00</u>				<u>349,037.57</u>		A-4
Added taxes		1,693,563.10	40,392,033.10			2,597,668.65		A-2
			<u>\$ 241,399,357.24</u>					
<u>Ref.</u>	Above							

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES AND MISCELLANEOUS REVENUES NOT ANTICIPATED  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u> December 31, 2019	<u>Accrued/</u> <u>Adjustments</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> December 31, 2020
Revenue Accounts Receivable:				
Non-Budgetary:				
Collector Receivables:				
Ordinance 181 - Grass & Weeds	\$ 12,952.19		\$ (12,150.51)	\$ 801.68
Ordinance 4116-15 - Vacant Property	5,000.00	\$ 104,000.00	(109,000.00)	
Departmental Receipts	<u>30,305.11</u>	<u>122,697.27</u>	<u>(136,600.51)</u>	<u>16,401.87</u>
	<u>48,257.30</u>	<u>226,697.27</u>	<u>(257,751.02)</u>	<u>17,203.55</u>
Total	<u>\$ 48,257.30</u>	<u>\$ 226,697.27</u>	<u>\$ (257,751.02)</u>	<u>\$ 17,203.55</u>
	A	Reserve	Below	A
<u>Analysis of Miscellaneous Revenues:</u>				
Current Year Revenue Collections			\$ 13,188,730.14	
Grant Revenues Realized			<u>748,990.06</u>	
			<u>\$ 13,937,720.20</u>	
<u>Miscellaneous Revenues Not Anticipated:</u>				
Miscellaneous Departmental Receipts			\$ 136,600.51	
FEMA Reimbursement			398,533.96	
Escrow and Outside Jobs Admin. Fee			267,667.75	
Sale of Property			104,777.00	
Insurance Refunds			56,258.53	
Senior Citizen/Veterans Administrative Fee			5,531.22	
Ordinance Collections			<u>121,150.51</u>	
			<u>\$ 1,090,519.48</u>	
Miscellaneous Revenues Not Anticipated				



TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-9

SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLE AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance, December 31, 2019	Cash Receipts	Cash Disbursements	Adjustments	Canceled	Balance, December 31, 2020
Accounts Payable:						
Vendor Accounts Payable	\$ 3,225,815.23		\$ (226,364.89)	\$ 88,730.73	\$ (2,329,116.48)	\$ 759,064.59
Third Party Elevator Inspections Fees	18,590.00					18,590.00
Marriage License Filing Fees	34,250.00	\$ 9,403.00	(53.00)			43,600.00
State Training Fees	17,241.00	265,639.00	(178,051.00)			104,829.00
Subtotal	3,295,896.23	275,042.00	(404,468.89)	88,730.73	(2,329,116.48)	926,083.59
Reserve for:						
Rescue Squad Funds	8,560.00					8,560.00
Police Harley	2,456.00					2,456.00
Tax Appeals	2,590,829.36		(1,890,279.00)	750,000.00		1,450,550.36
Special District Levy	139,279.95		(16,126.40)			123,153.55
Reserve for Library	88,230.13					88,230.13
Reserve for Debt Service Payments				350,000.00		350,000.00
Subtotal	2,829,355.44	-	(1,906,405.40)	1,100,000.00		2,022,950.04
Total	\$ 6,125,251.67	\$ 275,042.00	\$ (2,310,874.29)	\$ 1,188,730.73	\$ (2,329,116.48)	\$ 2,949,033.63

A

A-1

Below

A-4

A-4

A

Ref.

Transferred from Appropriation Reserves A-13

Current Appropriations A-3

Above

\$ 88,730.73

1,100,000.00

\$ 1,188,730.73

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-10

SCHEDULE OF PROPERTY TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior Year</u>
Balance, December 31, 2019	A	10,963.40	\$ -	\$ 10,963.40
Cash Receipts - Tax Overpayments	A-4	273,429.82	186,466.59	86,963.23
Cash Payments - Refunds	A-4	<u>(187,154.68)</u>	<u>(103,739.86)</u>	<u>(83,414.82)</u>
Balance, December 31, 2020	A	<u>\$ 97,238.54</u>	<u>82,726.73</u>	<u>\$ 14,511.81</u>

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-11

SCHEDULE OF TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance,</u> <u>December 31, 2019</u>	<u>Taxes</u> <u>Levied</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>December 31, 2020</u>
County - General	\$ -	\$ 33,661,564.99	\$ (33,661,564.99)	\$ -
County - Open Space		3,181,301.60	(3,181,301.60)	
County - Added & Omitted		299,555.55	(299,555.55)	
Local District School Taxes		151,105,752.00	(151,105,752.00)	
Municipal Local Open Space		5,305,699.00	(5,305,699.00)	
Special Districts		<u>7,453,451.00</u>	<u>(7,453,451.00)</u>	
Total	<u>\$ -</u>	<u>\$ 201,007,324.14</u>	<u>\$ (201,007,324.14)</u>	<u>\$ -</u>
<u>Ref.</u>	A	A-1, A-2, A-7, Below	A-4	A
 <u>Special District Taxes Levied:</u>				
Fire District #1		\$ 3,994,556.00		
Fire District #2		1,487,482.00		
Fire District #3		1,910,463.00		
Fire District #4		<u>60,950.00</u>		
A-1, Above		<u>\$ 7,453,451.00</u>		

TOWNSHIP OF FRANKLIN  
CURRENT FUND

A-12

STATEMENT OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance, December 31., 2019	Cash Receipts/ Disbursements/ Adjustments	Balance, December 31., 2020
Grant Fund	\$ 39,471.39	\$ (29,312.62)	\$ 10,158.77
Animal Control Trust Fund	(52,883.61)	(89,045.58)	(141,929.19)
Trust - Other Funds	(509,064.29)	(59,347.65)	(568,411.94)
Recreation Trust Fund	(28,377.62)	(3,155.24)	(31,532.86)
Payroll/Payroll Agency Fund	(76,993.65)	(5,734.26)	(82,727.91)
Self Insurance Fund	(30,178.42)	(5,289.60)	(35,468.02)
General Capital Fund	1,116,391.12	1,253,095.62	2,369,486.74
Water Utility Operating Fund		3,926.36	3,926.36
Workers Compensation Trust Fund		(1,615.39)	(1,615.39)
Open Space Trust Fund	14,804.00	(500,000.00)	(485,196.00)
<b>Total</b>	<u>\$ 473,168.92</u>	<u>\$ 563,521.64</u>	<u>\$ 1,036,690.56</u>
	Below	A-1, Below	Below
<b>Detail:</b>			
Interfunds Receivable ( )	\$ (697,497.59)		\$ (1,346,881.31)
Interfunds Payable	1,170,666.51		2,383,571.87
<b>Total</b>	<u>\$ 473,168.92</u>		<u>\$ 1,036,690.56</u>
Receipts/(Disbursements) - Net		\$ 433,972.75	
Grant Receivables	A-4	(748,990.06)	
Grant Reserves	A-14	750,810.67	
Grants Receivable/Reserves Cancelled, net	A-15	(10,138.00)	
Adjustments	A-14, A-15	137,866.28	
	A		
<b>Total</b>	Above	<u>\$ 563,521.64</u>	Above

SCHEDULE OF 2019 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, 2019	Reserve for Encumbrances December 31, 2019	Amount After Modification	Paid Or Charged	Transferred to Accounts Payable	Balance Lapsed
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 3,703.38	\$ 5,661.63	\$ 3,703.38	\$ 3,703.38		\$ 243,240.05
Other Expenses	243,140.05		248,801.68	5,561.63		
Human Resources (Personnel)						
Salaries and Wages	945.00	8,819.50	945.00	927.20		17.80
Other Expenses	15,098.48		23,917.98	5,639.50		18,278.48
Mayor and Council						
Salaries and Wages	588.98	400.00	588.98	588.98		6,242.12
Other Expenses	6,500.05		6,900.05	657.93		
Municipal Clerk						
Salaries and Wages	2,230.76	2,489.04	2,230.76	1,481.23		749.53
Other Expenses	8,920.63		11,409.67	2,112.21		9,297.46
Finance Administration						
Salaries and Wages	494.39		494.39	472.79		21.60
Other Expenses	4,856.16	75,020.25	79,876.41	75,087.08		4,789.33
Audit Services						
Other Expenses	10,562.50	30,487.50	41,050.00	31,095.00		9,955.00
Computerized Data Processing						
Salaries and Wages	2,101.86	18,499.41	2,101.86	2,101.86		25,956.23
Other Expenses	25,251.19		43,750.60	17,794.37		
Revenue Administration (Tax Collection)						
Salaries and Wages	837.66	568.50	837.66	781.81		55.85
Other Expenses	2,329.50		2,898.00	1,099.20		1,798.80
Tax Assessment Administration						
Salaries and Wages	2,564.56	5,690.13	2,564.56	2,564.47		0.09
Other Expenses	41,522.07		47,212.20	47,179.28		32.92
Legal Services (Legal Dept.)						
Other Expenses	23,103.69	224,350.22	247,453.91	71,393.92		176,059.99
Prosecutor						
Other Expenses	2,000.12	5,499.99	7,500.11	5,499.99		2,000.12
Municipal Court						
Salaries and Wages	4,425.27	5,992.86	4,425.27	2,280.50		2,144.77
Other Expenses	3,257.20		9,250.06	2,355.42	\$ 521.00	6,373.64
Engineering						
Salaries and Wages	5,420.38	18,241.50	5,420.38	1,856.35		3,564.03
Other Expenses	39,150.19		57,391.69	10,179.50		47,212.19
Tax Title Lien and Foreclosure						
Other Expenses	35,860.00	1,078.00	36,938.00	1,078.00		35,860.00
Economic Development Agencies						
Other Expenses	100,846.86	6.62	100,853.48		6.62	100,846.86
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	1,778.85		1,778.85	1,778.85		

TOWNSHIP OF FRANKLIN  
CURRENT FUND

SCHEDULE OF 2019 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, 2019	Reserve for Encumbrances December 31, 2019	Amount After Modification	Paid Or Charged	Transferred to Accounts Payable	Balance Lapsed
Other Expenses	\$ 43,332.50	\$ 12,848.28	\$ 56,180.78	\$ 4,112.83	\$ 9,344.45	\$ 42,723.50
<b>INSURANCE</b>						
Employee Group Insurance	81,221.58		81,221.58	71,038.04		10,183.54
Salaries and Wages (Payment in Lieu)	13,323.49	342.50	13,665.99	3,192.98	150.00	10,323.01
Other Expenses						
<b>PUBLIC SAFETY</b>						
Police	268,082.88		268,082.88	200,436.50		67,646.38
Salaries and Wages	26,340.38	161,241.28	187,581.66	147,949.99	5,854.63	33,777.04
Other Expenses						
Fire Prevention	7,130.84		7,130.84	7,130.84		
Salaries and Wages	608.69	4,847.82	5,456.51	4,107.64	840.18	508.69
Other Expenses						
Emergency Management	128.35		128.35	128.35		
Salaries and Wages	4,516.00	734.00	5,250.00	234.00		5,016.00
Other Expenses						
<b>PUBLIC WORKS</b>						
Public Works - General	230,979.07		230,979.07	119,529.05		111,450.02
Salaries and Wages	1,753.42		1,753.42	1,753.42		
Streets and Roads Maintenance	2,921.32	221,126.52	224,047.84	194,533.21	16,500.06	13,014.57
Salaries and Wages						
Other Expenses	193,653.57	7,428.64	201,082.21	157,770.81	701.83	42,609.57
Public Works - Recycling						
Public Works - Building and Grounds	24,953.69	61,198.70	86,152.39	70,921.99	5,602.49	9,627.91
Salaries and Wages	3,831.37	38,042.76	41,874.13	34,749.95	1,276.24	5,847.94
Other Expenses	250.00		250.00			250.00
Public Works - Vehicle Maintenance						
Shade Tree Commission	105,961.54	7,346.63	113,308.17	9,930.54		103,377.63
Other Expenses						
Community Services Act (Condo Community)	13,625.05		13,625.05	10,717.23		2,907.82
Other Expenses	10,907.63	7,132.04	18,039.67	3,649.98		14,389.69
Animal Control Services	3,183.86		3,183.86	2,396.32		787.54
Salaries and Wages	4,196.54	472.84	4,669.38		472.84	4,196.54
Other Expenses						
<b>PARKS AND RECREATION</b>						
Department of Recreation, Community Celebrations and Park Administration	5,807.25		5,807.25	4,663.24		1,144.01
Division of Recreation and Park Administration	12,263.64	34,419.89	46,683.53	37,850.45		8,833.08
Salaries and Wages						
Other Expenses						
<b>UNCLASSIFIED</b>						

SCHEDULE OF 2019 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, 2019	Reserve for Encumbrances December 31, 2019	Amount After Modification	Paid Or Charged	Transferred to Accounts Payable	Balance Lapsed
Environmental Commission						
Other Expenses	\$ 1,057.00	\$	1,057.00			\$ 1,057.00
Historical Commission						
Other Expenses	2,899.00		2,899.00			2,899.00
Franklin Township Board of Education - Transp.						
Other Expenses	20,833.90	\$ 5,709.62	26,543.52	\$ 1,725.31	\$ 107.07	24,711.14
Franklin Township Board of Education - Officers Salaries and Wages	160.18		160.18			
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
Code Enforcement						
Salaries and Wages	34,125.67		34,125.67	9,999.28		24,126.39
Other Expenses	270,487.95	22,899.87	293,387.82	22,676.18		270,711.64
Utilities:						
Gasoline	105,106.03	72,043.64	177,149.67	27,855.86		149,293.81
Telephone	21,009.18	32,908.43	53,917.61	13,074.78	31.64	40,811.19
Electricity/Heat	31,828.53	88,128.89	119,957.42	85,484.01		34,473.41
Water	50,000.00		50,000.00			50,000.00
Street Lighting	307,659.26	2,647.45	310,306.71	191,501.18		118,805.53
Total Operations Within "CAPS"	2,491,629.14	1,184,324.95	3,675,954.09	1,734,544.59	41,409.05	1,900,000.45
Contingent	2,000.00		2,000.00			2,000.00
Total Operations Including Contingent Within "CAPS"	2,493,629.14	1,184,324.95	3,677,954.09	1,734,544.59	41,409.05	1,902,000.45
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"						
STATUTORY EXPENDITURES: Contribution to:						
Social Security System	14,837.09		14,837.09	14,837.09		
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	14,837.09		14,837.09	14,837.09		
Total General Appropriations for Municipal Purposes Within "CAPS"	2,508,466.23	1,184,324.95	3,692,791.18	1,749,381.68	41,409.05	1,902,000.45
Operations Excluded from "CAPS": Interlocal Municipal Service Agreements: Franklin Township Board Of Education - Transportation						

SCHEDULE OF 2019 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, 2019	Reserve for Encumbrances December 31, 2019	Amount After Modification	Paid Or Charged	Transferred to Accounts Payable	Balance Lapsed
Salaries and Wages	\$ 1,474.13	\$	1,474.13	\$ 1,130.82		\$ 343.31
Franklin Township Board Of Education - Police						
Salaries and Wages	2,733.00		2,733.00	2,733.00		
Senior Transportation						
Other Expenses	0.01	\$ 13,957.09	13,957.10	13,957.10		
Total Interlocal Municipal Service Agreements - Excluded from "CAPS"	4,207.14	13,957.09	18,164.23	17,820.92		343.31
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES:						
Matching Funds	23,555.19		23,555.19			23,555.19
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	23,555.19		23,555.19			23,555.19
Total Operations - Excluded from "CAPS"	27,762.33	13,957.09	41,719.42	17,820.92		23,898.50
Capital Improvements - Excluded from "CAPS"						
Engineering						
Road Resurfacing 2019	421,996.32	163,880.66	585,876.98	492,628.41	\$ 43,930.77	49,317.80
Construction Code						
Vehicles/Construction	58,516.25		58,516.25			58,516.25
Public Works						
Various Equipment	21,248.90		21,248.90			21,248.90
Information and Technology						
Computer/Printer/Server	26,204.00	59,787.00	85,991.00	82,600.09	3,390.91	2,030.00
Digital Signs	2,030.00		2,030.00			
Municipal Building						
HVAC Controller	6,086.00		6,086.00			6,086.00
Total Capital Improvements - Excluded from "CAPS"	536,081.47	223,667.66	759,749.13	575,228.50	47,321.68	137,198.95
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	563,843.80	237,624.75	801,468.55	593,049.42	47,321.68	161,097.45
Total General Appropriations	\$ 3,072,310.03	\$ 1,421,949.70	\$ 4,494,259.73	\$ 2,342,431.10	\$ 88,730.73	\$ 2,063,097.90

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TOWNSHIP OF FRANKLIN  
GRANT FUND  
  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

BUDGET YEAR	GRANTS	BALANCE DEC. 31, 2019	2020 BUDGET REVENUE REALIZED	CANCELLED	COLLECTED	BALANCE DEC. 31, 2020
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		
	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	27,845.84				27,845.84
	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
	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
	Garden State Preservation Trust - Green Acres	450,000.00				450,000.00
	NJ EDA Hazardous Dis. Site Remediation fund	6,891.00				6,891.00
	Recreation Opportunities Grant	7,172.78				7,172.78
	Child Passenger Safety	1,900.00				1,900.00
	Safe and Secure Communities	3,127.00				3,127.00
	Body Armor Replacement Grant	319.19				319.19

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

BUDGET YEAR	GRANTS	2020				
		BALANCE DEC. 31, 2019	BUDGET REVENUE REALIZED	CANCELLED	COLLECTED	BALANCE DEC. 31, 2020
SFY 2010	CDBG 09	\$ 134,833.50				\$ 134,833.50
	CDBG 10	113,827.79				113,827.79
	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		500.00
	Friends of Somerset County Youth	500.00				347.75
	2009 Youth Athletic Grant	347.75				855.00
NJ Juvenile Justice Grant	855.00					
SFY 2011	CDBG Program	2,612.65				2,612.65
	Child Passenger Safety	13.80				1,310.86
	Ed Byrne Mem. Justice Assistance Grant	1,310.86		13.80		63.69
	Juvenile Justice Summer Expansion Grant	63.69				6,577.78
	Municipal Alliance Grant	6,577.78				1,617.04
Recreation Opportunities Grant	1,617.04					
TY 2011	Over Limit Under Arrest-2011	400.00				400.00
	Municipal Alliance Grant	3,702.49				3,702.49
2012	Somerset County Cultural Heritage Grant	375.00				375.00
	Click It or Ticket	4,000.00				4,000.00
2013	Edward Byrne JAG Grant	15.82		15.82		
	CDBG 2012	31,705.50				31,705.50
2014	Municipal Alliance	6,403.01				6,403.01
	Recreation Handicapped Grant	3,961.18				3,961.18
2015	Recreation Opportunities Grant	53.99				53.99
	Municipal Alliance Grant	44,038.67				44,038.67
	Holiday Drive Sober Grant	25.00		25.00		5,000.00
	NJ History Grant	5,000.00				999.60
	Clean Communities	999.60				35,385.72
Municipal Aid JFK Blvd.	35,385.72					
Municipal Alliance Grant 14/15	13,077.60				13,077.60	

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

BUDGET YEAR	GRANTS	BALANCE DEC. 31, 2019	2020 BUDGET REVENUE REALIZED	CANCELLED	COLLECTED	BALANCE DEC. 31, 2020
	Municipal Alliance Grant 15/16	\$ 8,019.83				\$ 8,019.83
	Click It or Ticket	75.00				75.00
	NJ DOT Grant JFK Sec. 1	153,750.00				153,750.00
2016	Emergency Management Agency Assistance Program	14,816.04				14,816.04
	Drive Sober or Get Pulled Over	6,000.00				6,000.00
	Community Development Block Grant (CDBG)	37,174.79				37,174.79
	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	75,743.43				75,743.43
2017	Municipal Alliance Grant - 2017-18	2,245.44				2,245.44
	Rec Opportunities Individuals Disab	6,700.00				6,700.00
	2017 CDBG	6,660.39				6,660.39
2018	Recycling Tonnage Grant	31,509.00				31,509.00
	2018 CDBG	120,656.89			\$ 103,475.41	17,181.48
2019	EMPG/Emerg. Management Agency Assistance Program	10,000.00			10,000.00	
	Body Armor Fund	8,977.39			8,977.39	
	Community Development Block Grant	265,058.00			131,689.14	133,368.86
	FY2019 Municipal Aid Program for the Resurfacing of					
	Cottontail Lane Project	330,000.00				330,000.00
	FY2020 Municipal Aid Program for the Resurfacing of					
	School House Rd. Project	360,000.00				360,000.00
	Historical Commission Grant - Stoothoff Cornelius Grants	126,305.50				126,305.50
	Municipal Youth Service Grant - It Pays to Plug In - NJ's					
	Electric Vehicle Charging Grant	12,000.00				12,000.00
	Municipal Alliance on Alcoholism and Drug Abuse	42,483.25			3,494.95	38,988.30
	Safe & Secure Communities Grant SFY 2019	20,000.00			20,000.00	
2020	Municipal Alliance on Alcoholism and Drug Abuse		\$ 7,282.44			7,282.44
	NJDEP Recycling Tonnage Grant		62,971.53		62,971.53	
	CDBG - 2020		273,530.00			273,530.00
	COVID-19 Grant		160,933.00			160,933.00
	NJDEP - Clean Communities Grant		122,873.09		122,873.09	
	Somerset Youth Services Comm. - Competitive Grant		4,000.00			4,000.00
	Somerset Youth Services Commission - Annual Grant		5,000.00			5,000.00
	Safe and Secure Communities 2020		60,000.00			15,000.00
	Safe and Secure Communities 2021		32,400.00		45,000.00	32,400.00
	Sustainable Jersey Small Grants Program 2020		20,000.00			20,000.00
		\$ 3,698,056.92	\$ 748,990.06	\$ 206,658.59	\$ 508,481.51	\$ 3,731,906.88
	Ref.	A	A-2, A-12, A-16	A-1, A-16	A-4	A

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2020

Account Number	BUDGET YEAR/PROGRAM	BALANCE DEC. 31, 2019	ENC. DEC. 31 2019	TRANSFERRED FROM 2020 BUDGET	PAID OR CHARGED	TRANSFERRED/ CANCELLED	ENC DEC. 31 2020	BALANCE DEC. 31, 2020
		\$			\$			\$
98-0132	SFY 1998 Housing Rehabilitation	655.23						655.23
98-0236	Plans to Realign Parkside & Van Dyke	29,802.99						29,802.99
	SFY 2003							
3-0279	Somerset County Hamilton St Façade Prog	94,750.00						94,750.00
3-0745	Drunk Driving Enforcement Grant		328.20		248.20			80.00
4-0753	Alcohol Education & Rehab.	66.24						66.24
4-0807	Somerset County Open Space Negri Tract	100,000.00						100,000.00
	SFY 2005							
5-0821	USDA NRCS Conservation Negri Tract	79,985.00						79,985.00
	Franklin Park Public Water System	5,570.00				(79,985.00)		5,570.00
	SFY 2005							
5-0727	Neighborhood Preservation Program	32,102.47						32,102.47
5-0873	Youth Services New Initiative Grant	656.79						656.79
5-0752	Junior Tennis USTA Tennis	202.00						202.00
6-0753	Alcohol Ed. & Rehab	150.00						150.00
6-0824	Safe Streets to Schools	40,000.00						40,000.00
6-0000	CDBG Program	1,623.58						1,623.58
6-0002	CDBG Franklin Inn Acquisition	120,280.00						120,280.00
6-0826	Historic Preservation Program	7,334.88						7,334.88
6-0752	USTA Tennis Grant	500.00						500.00
6-0867	NJ Dot Hamilton Streetscape	3,577.40						3,577.40
6-0703	Municipal Alliance	9,906.25						9,906.25
6-0873	Youth Services Commission Annual Grant	1,214.36						1,214.36
	SFY 2007							
7-0780	Recreation Trails Program	50,000.00						50,000.00
7-0704	Safe and Secure Communities	120,000.00						120,000.00
7-0779	Historic Preservation Grant	100,000.00						100,000.00
7-0795	Economic Dev. Incentive Grant	8,096.00	880.00					8,976.00
7-0877	Somerset County Grant	100,000.00				(100,000.00)		
7-0876	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)		
7-0727	NPP Grant	54,958.02						54,958.02
7-0749	Family Planning Services	9,245.00						9,245.00
7-0272	Farm Fresh Grant	900.00						900.00
7-0773	Recreation for Individuals with Disabilities	3,193.00						3,193.00
7-0703	Municipal Alliance	1,436.05						1,436.05
7-0874	Public Health Priority Funding	2,436.01						2,436.01
7-0875	Youth Services Mini Grant	29.42						29.42
7-0752	USTA Tennis Grant	26.69						26.69
7-0713	CDBG Program	37,385.00						37,385.00
	SFY 2008							
8-0703	Municipal Alliance	6,226.55						6,226.55
8-0708	Youth Services Commission Annual Grant	355.75						355.75
7-0711	SCYSC Competitive	25.32						25.32
9-0762	Drunk Driving Enforcement Grant		1,932.89		1,932.89			



TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2020

Account		BALANCE DEC. 31, 2019	ENC. DEC. 31 2019	TRANSFERRED FROM 2020 BUDGET	PAID OR CHARGED	TRANSFERRED/ CANCELLED	ENC. DEC. 31 2020	BALANCE DEC. 31, 2020
10-0908	Green Acres - Middlebush Park Improvements	\$ 36,319.00						\$ 36,319.00
	SFY 2011							
11-0825	CDBG Program	27,402.99						27,402.99
11-0721	Friends of Somerset County Youth	283.96						283.96
11-0777	JAG Edward J. Byrne	262.22						262.22
11-0776	Recreation Trails Program	25,000.00						25,000.00
11-0898	NJ Historic Trust Stiothoff/Cornelius	33,805.50						33,805.50
11-0708	SCYS Annual Grant	39.71						39.71
11-0711	SCYS Competitive Grant	1,000.00						1,000.00
11-0841	Juvenile Justice Summer Expansion Grant	63.69						63.69
11-0703	Municipal Alliance Grant	7,139.04						7,139.04
11-0855	Recreation Opportunities Grant	1,019.32	\$ (156.00)					863.32
	TY 2011							
12-0745	Drunk Driving Enforcement Grant	7,577.48			1,927.79		184.40	7,393.08
	2012							
12-0825	CDBG 2011	35,614.39						35,614.39
12-0858	Over the Limit Under Arrest	400.00						400.00
12-0859	Over the Limit Under Arrest 2011	4,400.00						4,400.00
12-0703	Municipal Alliance Grant	16,909.03						16,909.03
12-0818	Somerset County Cultural Heritage Grant-Local Arts	1,116.64						1,116.64
12-0787	Click It or Ticket	4,000.00						4,000.00
12-0777	Juvenile Assistance Grant - Edward Byrne	15.82				(15.82)		
12-8025	CDBG 2012	56,202.14	2,194.79		\$ 1,927.79			56,469.14
	2013							
13-0703	Municipal Alliance	3,296.77						3,296.77
13-0344	Recreation Opportunities Grant	42.76	156.00					196.76
13-8025	CDBG 2013	15,782.30						15,782.30
13-0750	Clean Communities		702.25				702.25	
13-0862	Sustainable Jersey Small Grant	616.40						616.40
	2014							
14-0344	Recreation Opportunities Grant	867.05						867.05
14-0703	Municipal Alliance Grant	6,331.01				(25.00)		6,331.01
	Holiday Drive Sober Grant	25.00						
14-0770	Clean Communities	9,036.37			13,663.80			3,888.19
14-8025	CDBG 2014	2,808.19						30,000.00
14-0995	Municipal Aid JFK Blvd.	30,000.00						30,000.00
	2015							
15-0758	Municipal Alliance Grant 14/15	46,302.07						46,302.07
15-0758	Municipal Alliance Grant 15/16	6,296.13						6,296.13
15-0770	Clean Communities	380.50						
15-0775	Click It or Ticket	75.00						75.00
15-8025	2015 CDBG	42,606.66						42,606.66
15-0800	Recycling Tommage Grant	59,249.52						59,249.52
15-0886	Investors Foundation							
15-0898	NJ Historic Trust Stiothoff/Cornelius	43,875.00	278.15		257.03			43,875.00
15-0995	NJ DOT Grant JFK Sec. 3	175,000.00						175,000.00
15-0996	NJ DOT Grant JFK Sec. 1	205,000.00						205,000.00
15-0998	Municipal Alcohol Ed/Rehab Grant	995.53						995.53
	2016							
16-0998	Municipal Alcohol Ed/Rehab Grant	966.90						966.90
16-0867	Drive Sober or Get Pulled Over	2,220.94						2,220.94
16-8025	Community Development Block Grant (CDBG)	24,728.90						27,707.98

TOWNSHIP OF FRANKLIN  
GRANT FUND

SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2020

Account	BALANCE DEC. 31, 2019	ENC. DEC. 31 2019	TRANSFERRED FROM 2020 BUDGET	PAID OR CHARGED	TRANSFERRED/ CANCELLED	ENC. DEC. 31 2020	BALANCE DEC. 31, 2020
	\$			\$		\$	\$
Municipal Alliance on Alcoholism and Drug Abuse	4,842.06			35,379.77		13,539.14	4,842.06
NJ DEP - Clean Communities Grant	109,310.54	10,000.00		1,213.22			70,391.63
Investors Foundation Grant	5,828.15	316.85					4,931.78
Click It or Ticket	3,185.00						3,185.00
2017							
CDBG Grant	74.51	11,543.00					11,617.51
NJDEP - Clean Communities Grant	123,063.94						123,063.94
Rec Opportunities Individuals Disab	4,262.73						4,262.73
Youth Services Annual Grant (Somerset County)	1.38						1.38
2016 Muni Alcohol Ed/Rehab Prog (Court)	1,222.46						1,222.46
2017-18 Municipal Alliance Grant	8,462.37		(200.00)				8,662.37
2018							
Recycling Tonnage Grant	31,509.00			31,509.00			7,559.15
Municipal Alliance Grant 18/19	7,559.15						5,000.00
Investors Foundation Grant	5,000.00						5,000.00
Municipal Youth Service Grant	0.02	170.53		170.53			0.02
NJDEP - Clean Communities Grant	119,405.64						119,405.64
Community Development Block Grant (CDBG)	262.48	91,295.07		88,218.07		870.00	2,469.48
2019							
Recycling Tonnage Grant	54,676.00			6,409.15			54,676.00
Body Armor Fund	8,977.39						2,568.24
Clean Communities Program	136,272.48						136,272.48
Community Development Block Grant	159,781.30			169,091.48		15,839.33	69,700.50
FY2019 Municipal Aid Program for the Resurfacing of Cottontail Lane Project	330,000.00	94,850.01					330,000.00
FY2020 Municipal Aid Program for the Resurfacing of School House Rd. Project	360,000.00	42,233.11		42,233.11			360,000.00
Historical Commission Grant - Stoothoff Cornelius Grants	4,573.75						4,573.75
Investors Foundation Grant	12,000.00						12,000.00
It Pays to Plug In - NJ's Electric Vehicle Charging Grant	53,104.06			3,396.68			49,707.38
Municipal Alliance on Alcoholism and Drug Abuse							
Municipal Youth Service Grant - Somerset County Youth Services Competitive Grant	4,000.00					4,000.00	
Safe & Secure Communities Grant SFY 2018	17,101.04						17,101.04
Safe & Secure Communities Grant SFY 2019		60,000.00					60,000.00
Somerset County Youth Services Annual Grant	5,000.00			1,630.71			3,369.29
Sustainable Jersey Small Grants Program	1,825.00	75.00				75.00	1,825.00
2020							
Recycling Tonnage Grant			62,971.53				62,971.53
CDBG Grant			273,530.00				207,333.80
CDBG COVID-19 Grant			160,933.00				160,933.00
NJDEP - Clean Communities Grant			122,873.09				122,873.09
Youth Services Annual Grant (Somerset County)			5,000.00				5,000.00
Youth Services Annual Grant (Somerset County Competitive)			4,000.00				4,000.00
2019-2020 Municipal Alliance Grant			9,103.05				9,103.05
Safe & Secure Communities Grant 2020			60,000.00				15,000.00
Safe & Secure Communities Grant 2021			32,400.00				32,400.00
Sustainable Jersey Small Grants Program 2020			20,000.00				20,000.00
	\$	\$	\$	\$	\$	\$	\$
	4,903,639.10	335,355.09	750,810.67	481,346.23	(216,796.59)	74,003.65	5,217,558.39
Ref.	A	A	A-12, A-14	A-4	A-1, A-16	A	A

TOWNSHIP OF FRANKLIN  
GRANT FUND

A-16

SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>RECREATION FUND</u>	<u>TRUST-OTHER FUND</u>
Balance -Dec. 31, 2019		\$ 426,358.61	\$ (39,471.39)	\$ 468,500.00	\$ -	\$ (2,670.00)
Due From	A	(42,141.39)	(39,471.39)	-	-	(2,670.00)
Due To	A	468,500.00	-	468,500.00	-	-
Increased by:						
Grant Revenue Realized	A-14	748,990.06	748,990.06			
Funds Received (Net)	A-4	21,045.57	20,995.23		50.34	
Grants Cancelled	A-15	216,796.59	216,796.59			
		986,832.22	986,781.88	-	50.34	-
Decreased by:						
Grants Cancelled	A-14	206,658.59	206,658.59			
Grants Appropriated	A-15	750,810.67	750,810.67			
		957,469.26	957,469.26	-	-	-
Balance -Dec. 31, 2020		\$ 455,721.57	\$ (10,158.77)	\$ 468,500.00	\$ 50.34	\$ (2,670.00)
Due From	A	(12,828.77)	(10,158.77)	-		(2,670.00)
Due To	A	468,550.34	-	468,500.00	50.34	-



TOWNSHIP OF FRANKLIN  
GRANT FUND

A-17

SCHEDULE OF STATE AND FEDERAL GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Investors Foundation	<u>\$ -</u>	<u>\$ 2,500.00</u>	<u>\$ 2,500.00</u>
	<u>\$ -</u>	<u>\$ 2,500.00</u>	<u>\$ 2,500.00</u>
<u>Ref.</u>	A	A-4	A

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS  
FOR YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u> <u>December 31, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>December 31, 2020</u>
Fund Balance	<u>\$ 801,952.56</u>	<u>\$ 3,418.18</u>	<u>\$ 805,370.74</u>
	<u><u>\$ 801,952.56</u></u>	<u><u>\$ 3,418.18</u></u>	<u><u>\$ 805,370.74</u></u>
<u>Ref.</u>	B	B-1	B

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Confirmation Date</u>	<u>Due Dates</u>	<u>Balance</u> <u>December 31,</u> <u>2020 and 2019</u>
Improv. to Sanitary Sewer Sys.	882	4/18/85	6/18/85-94	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	1/10/85	4/11/85-94	<u>11,794.62</u>
				<u>\$ 122,166.85</u>
			<u>Ref.</u>	B

TOWNSHIP OF FRANKLIN  
TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Improvement Description</u>	<u>Ordinance Number</u>	Balance December 31, <u>2020 and 2019</u>
Assessments and Liens:		
Improv. to the Sanitary Sewer System	882	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	<u>11,794.62</u>
		<u>\$ 122,166.85</u>
	<u>Ref.</u>	B

TOWNSHIP OF FRANKLIN  
ANIMAL CONTROL FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	B	\$ 253,856.66
Increased by:		
Dog license fees collected		\$ 28,835.60
Budget appropriation		25,454.02
Shelter Fees / Donations / Other Fees		<u>206,688.83</u>
	B-6	<u>260,978.45</u>
		514,835.11
Decreased by:		
Expenditures under R.S. 4:19-15.11:		
Cash disbursed	B-6	167,529.23
Statutory Excess Due to Current Fund	B-6	<u>89,045.58</u>
Balance, December 31, 2020	B, Below	<u><u>\$ 258,260.30</u></u>

**Maximum Reserve Calculation**

License fees collected:		
2019		\$ 117,529.52
2018		<u>140,730.78</u>
	Above	<u><u>\$ 258,260.30</u></u>

TOWNSHIP OF FRANKLIN  
ANIMAL CONTROL FUND

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

B-5  
Sheet #2

Footnote: R.S. 4:19-15.11

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

	<u>Year</u>	<u>Ref.</u>	<u>Amount</u>
	2019		\$ 117,529.52
	2018		140,730.78
			<hr style="border-top: 1px solid black;"/>
			\$ 258,260.30
			<hr style="border-top: 3px double black;"/>
Animal Control Balance - December 31, 2020 (before adjustment)			\$ 347,305.88
Less: Amount due to Current Fund			(89,045.58)
			<hr style="border-top: 1px solid black;"/>
Animal Control Balance - December 31, 2020		B	\$ 258,260.30
			<hr style="border-top: 3px double black;"/>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

B - 6  
Sheet # 1

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance	Cash		Adjustments	Balance
	December 31, 2019	Receipts	Disbursements		December 31, 2020
<b>Assessment Trust:</b>					
Assessments Receivable	\$ (122,166.85)				\$ (122,166.85)
Reserve for Assessments	122,166.85				122,166.85
Assessment Fund Balance	801,952.56	\$ 3,418.18			805,370.74
<b>Total</b>	<b>801,952.56</b>	<b>3,418.18</b>			<b>805,370.74</b>
<b>Animal Control:</b>					
Due (from)/to Current Fund	52,883.61			\$ 89,045.58	141,929.19
Due NJ - State License Fees	229.80	2,984.40	\$ (3,080.40)		133.80
Reserve for Encumbrances	3,210.00				3,210.00
Animal Control Reserves	253,856.66	260,978.45	(167,529.23)	(89,045.58)	258,260.30
<b>Total</b>	<b>310,180.07</b>	<b>263,962.85</b>	<b>(170,609.63)</b>	<b>-</b>	<b>403,533.29</b>
<b>Trust - Other Funds:</b>					
Escrow Funds and Reserves	13,923,120.34	5,939,300.17	(5,605,497.54)	23,142.99	14,280,065.96
Due (from)/to Current Fund	509,064.29	59,347.65			568,411.94
Due (from)/to Grant Fund	2,670.00				2,670.00
Reserve for Encumbrances	56,850.81			(23,142.99)	33,707.82
<b>Total</b>	<b>14,491,705.44</b>	<b>5,998,647.82</b>	<b>(5,605,497.54)</b>	<b>-</b>	<b>14,884,855.72</b>
<b>Unemployment Insurance Trust:</b>					
Unemployment Benefits Reserve	1,179,498.15	4,794.50	(30,388.23)		1,153,904.42
<b>Total</b>	<b>1,179,498.15</b>	<b>4,794.50</b>	<b>(30,388.23)</b>		<b>1,153,904.42</b>
<b>Self Insurance Trust Fund:</b>					
Other Insurance Reserves	602,421.00	122,287.19	(43,029.92)		681,678.27
Due (from)/to Current Fund	30,178.42	5,289.60			35,468.02
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	577,419.36				577,419.36
<b>Total</b>	<b>1,333,548.03</b>	<b>127,576.79</b>	<b>(43,029.92)</b>		<b>1,418,094.90</b>
<b>Open Space Trust Fund:</b>					
Open Space Trust Reserve	5,525,743.59	5,431,989.79	(3,426,164.04)	(4,074,300.00)	3,457,269.34
Due (from)/to Current Fund	(14,804.00)	500,000.00			485,196.00
Due (from)/to General Capital	1,479,179.15	245.00	(5,557,300.00)	4,074,300.00	(3,575.85)
Due (from)/to Water Operating		4,728,584.07			4,728,584.07
Accounts Payable	1,864.15				1,864.15
Deferred Charges - Funded	(11,205,000.00)			1,985,000.00	(9,220,000.00)
Serial Bonds Payable	11,205,000.00			(1,985,000.00)	9,220,000.00
Reserve for Encumbrances	330,100.83				330,100.83
<b>Total</b>	<b>7,322,083.72</b>	<b>10,660,818.86</b>	<b>(8,983,464.04)</b>	<b>-</b>	<b>8,999,438.54</b>
<b>Workers Compensation Trust:</b>					
Workers' Compensation Reserve	1,046,291.29	107,629.92	(89,856.92)	(1,615.39)	1,062,448.90
Due (from)/to Current Fund				1,615.39	1,615.39
<b>Total</b>	<b>1,046,291.29</b>	<b>107,629.92</b>	<b>(89,856.92)</b>	<b>-</b>	<b>1,064,064.29</b>

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

B - 6  
Sheet # 2

SCHEDULE OF CASH AND RESERVE ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance	Cash		Adjustments	Balance
	December 31, 2019	Receipts	Disbursements		December 31, 2020
Recreation					
Recreation Programs	823,075.86	81,003.68	(198,300.15)		705,779.39
Due (from)/to Current Fund	28,377.62	3,805.24	(650.00)		31,532.86
Due (from)/to Grant Fund			(50.34)		(50.34)
Reserve for Encumbrances	\$ 69,024.79				\$ 69,024.79
Total	920,478.27	\$ 84,808.92	\$ (199,000.49)		806,286.70
Developers' Escrow					
Developers' Escrows (Net Activity)	1,755,955.28	54,903.79			1,810,859.07
Total	1,755,955.28	54,903.79			1,810,859.07
Historical Preservation Trust:					
Historical Preservation Reserve.	162,601.90	668.90			163,270.80
Total	162,601.90	668.90			163,270.80
Tax Collector's Trust:					
Tax Sale Account (Net)	6,499.64	3,411,502.60	(757,380.94)	\$ (2,653,739.41)	6,881.89
Premiums Received at Tax Sale (Net)	4,101,000.00	190,260.59	(2,777,000.00)	2,653,739.41	4,168,000.00
Total	4,107,499.64	3,601,763.19	(3,534,380.94)	-	4,174,881.89
Payroll and Payroll Agency:					
Payroll & Deductions Payable (Net)	1,136,393.68	47,682,462.36	(47,455,863.28)		1,362,992.76
Due (from)/to Current Fund	76,993.65	5,996.11	(261.85)		82,727.91
Total	1,213,387.33	47,688,458.47	(47,456,125.13)		1,445,720.67
Affordable Housing Trust Fund:					
Reserve of Affordable Housing	4,677,954.99	5,628,874.43	(763,403.77)		9,543,425.65
Total	4,677,954.99	5,628,874.43	(763,403.77)		9,543,425.65
Flexible Spending Account:					
Reserve for Flexible Spending	21,083.58	39,170.55	(32,628.31)		27,625.82
Total	21,083.58	39,170.55	(32,628.31)		27,625.82
Police Forfeiture Fund:					
Reserve for Police Forfeiture	160,418.44	49,124.02	(52,140.40)		157,402.06
Total	160,418.44	49,124.02	(52,140.40)		157,402.06
Total	\$ 39,504,638.69	\$ 74,314,621.19	\$ (66,960,525.32)	\$ -	\$ 46,858,734.56

Ref. B

B



TOWNSHIP OF FRANKLIN  
OPEN SPACE TRUST FUND

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance December 31, 2019</u>	<u>Decreased</u>	<u>Balance December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation Refunding Bonds, Open Space - Series 2014	7/1/2014	\$ 6,795,000.00	1/15/2021	\$ 1,135,000.00	4.000%	\$ 3,405,000.00	\$ 1,135,000.00	\$ 2,270,000.00
			1/15/2022	1,135,000.00	4.000%			
Open Space - Series 2014	11/1/2014	3,560,000.00	11/1/2021	250,000.00	3.000%	2,500,000.00	250,000.00	2,250,000.00
			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%			
Open Space - Series 2017	12/20/2017	6,500,000.00	12/15/2021	600,000.00	2.000%	5,300,000.00	600,000.00	4,700,000.00
			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%			
			12/15/1920	300,000.00	3.000%			
			12/15/2031	300,000.00	3.000%			
			12/15/2032	300,000.00	3.000%			
						\$ 11,205,000.00	\$ 1,985,000.00	\$ 9,220,000.00
						B	B-6	B
<u>Ref.</u>								

TOWNSHIP OF FRANKLIN  
TRUST FUNDS

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

B-8

Acct. No.	Purpose	Balance		Encumbrances		Increases	Decreases	Encumbrances		Balance
		December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2020			December 31, 2020	December 31, 2020	
801	CDBG Housing Rehab	\$ 15,885.86	\$ 20,123.00	\$ 56,286.08	\$ 876.42	\$ 20,403.00	\$ 70,995.52			
802	Water Meters	142,426.86	2,368.74	19,000.00	6,941.44		156,854.16			
803	Street Openings	370,012.25	1,500.00	69,737.00			441,249.25			
804	Site Plan Performance	1,434,870.04	5,000.00	124,371.86	353,538.24		1,210,703.66			
805	Surety Cash	99,279.95		49,490.25	22,100.00		126,670.20			
806	Monument Monies	81,760.00					81,760.00			
807	Special Events - Clerk's Office	7,950.00			500.00		7,450.00			
808	Maintenance Guarantees	248,744.56		29,204.23	2,421.00		275,527.79			
809	Parkland Dedication	361,377.13	1,094.00				362,471.13			
810	Infrastructure Improvements	54,174.50					54,174.50			
811	Outside Jobs	1,107,175.99		1,317,127.48	1,503,164.67	147.38	920,981.42			
802-803	Reserve Private Developer Donation	358,698.59	425.50				359,124.09			
812	Snow Removal Trust	705,179.54		159,661.66	107,500.00	2,561.87	754,779.33			
813	Accumulated Sick and Vacation	2,024,715.64	180.56	896,000.00	849,751.25	180.56	2,070,964.39			
815	Off-Tract	178,521.94					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		210.19			87,866.71			
828	Booster Station	5,346.44					5,346.44			
829	Summer Child Care	597.75					597.75			
830	Community Resource Donation	4.51					4.51			
832	Community Resource Trips	237.03					237.03			
834	Tree Planting	206,161.22	6,141.21	2,990.00	6,102.25	40.00	209,150.18			
836	Dental & Medical CoPay	5,575,256.29		2,736,300.65	2,390,000.00		5,921,556.94			
837	Bid Security	106,232.77					106,232.77			
838	POAA	2,951.29	70.00	226.00			3,247.29			
839	Public Defender Fees	970.15	4,550.00	38,190.00	32,116.63	5,583.33	6,010.19			
840	Fire Prevention	9,032.76		4,000.00	3,722.11		9,310.65			
841	Penalty Fire District 1	2,401.71					2,401.71			
842	Penalty Fire District 2	8,087.50					9,087.50			
843	Penalty Fire District 3	4,050.00		1,000.00			4,050.00			
844	Penalty Fire District 4	315.67					315.67			
845	Uniform Fire Safety Penalty	80,099.48	3,231.60	21,318.00	12,832.55	3,192.18	88,624.35			
847	Bullet Proof Vests	701.00	10,566.70	125.00	10,522.57		870.13			
850	Defibrillator Donations	2,459.12					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		5,000.00			400.00			
856	Police Non Evidence Monies	7,111.07					12,111.07			
860	Bond and Coupon Account	2,488.17					2,488.17			
861	Public Assistance Indent Burials	75,935.50					75,935.50			
862	Parking Improvements Payments in Lieu	199,250.00		20,981.25			220,231.25			
863	Payments in Lieu Sidewalk Improvement	5,400.00		10,656.00			16,056.00			
864	Special Master Fee - Petition Judgment	1,000.00	1,595.50			1,599.50	1,000.00			
865	Canal Walk in Lieu of Bikepath Constr.	62,600.00					62,600.00			
57-811	Jobs 4 Blue			377,444.52	303,408.41		74,036.11			
		\$ 13,923,120.34	\$ 56,850.81	\$ 5,939,300.17	\$ 5,605,497.54	\$ 33,707.82	\$ 14,280,065.96			

Ref.

B

B

B-6

B-6

B

B

B

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>		
Balance -December 31, 2019	C		\$ 482,183.38
Increased by Receipts:			
Fund Balance - Bond Premium	C-1	5,502.59	
Premium on Bonds Used to Reduce Debt Service	C-6	\$ 1,227,000.00	
Bond Proceeds	C-5	19,460,000.00	
Interfunds	C-7	5,581,209.38	
Various Reserves	C-11	<u>607.74</u>	
			<u>26,274,319.71</u>
			26,756,503.09
Decreased by Disbursements:			
Improvement Authorizations	C-8		<u>13,436,702.50</u>
Balance -December 31, 2020	C		<u><u>\$13,319,800.59</u></u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS  
DECEMBER 31, 2020 AND 2019

	BALANCE DECEMBER 31, 2020	BALANCE DECEMBER 31, 2019
Fund Balance	\$ 69,246.96	\$ 7,083.78
Capital Improvement Fund	122,689.74	122,689.74
Improvement Authorizations Funded	12,410,516.26	7,827,112.15
Improvement Authorizations Expended - Not Funded	(2,381,414.33)	(17,321,015.19)
Various Receivables	(59,756.24)	(59,756.24)
Interfunds Receivable	(2,837,986.74)	(3,064,070.27)
Reserve for Encumbrances	4,659,712.71	12,512,858.77
Interfunds Payable	3,575.85	
Various Reserves	1,333,216.38	457,280.64
	<u>\$ 13,319,800.59</u>	<u>\$ 482,183.38</u>
Ref.	C	C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS GRANTS AND OTHER RECEIVABLES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance December 31, 2020 and 2019</u>
Receivables:	
NJ Dot Grant Ord. 3602	\$ 3,577.40
State of NJ DOT - Jacques Lane	<u>56,178.84</u>
	<u>\$ 59,756.24</u>
<u>Ref.</u>	C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Energy Lease</u>
Balance - December 31, 2019	C	\$ 17,681,919.24	\$ 17,025,000.00	\$ 656,919.24
Increased by:				
Bonds Issued	C-2, C-9	19,460,000.00	19,460,000.00	
		<u>37,141,919.24</u>	<u>36,485,000.00</u>	<u>656,919.24</u>
Decreased by:				
Budget Appropriations to Pay Debt	C-9, C-10	1,629,182.72	1,550,000.00	79,182.72
Balance - December 31, 2020	C	<u>\$ 35,512,736.52</u>	<u>\$ 34,935,000.00</u>	<u>\$ 577,736.52</u>

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2020

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2019	AUTHORIZED 2020	SERIAL BONDS ISSUED	FUNDED BY RESERVES	CANCELLED	BALANCE DEC. 31, 2020	ANALYSIS OF BALANCE - DEC. 31, 2020	
								EXPENDITURES	UNEXPENDED BAL. OF IMPR. AUTH.
		\$					\$	\$	\$
3811	General Improvements	47,287.06					47,287.06	47,287.06	
3819	2009 Road Overlay Program	18,726.85					18,726.85	18,726.85	
3822	Repaving of Municipal Parking Lot	96,698.05					96,698.05	33,727.43	62,970.62
3922-11	Various Capital Improvements - FY2009	2.92					2.92	2.92	
3981	New Telephone System (Amended)	23,566.68					23,566.68	23,566.68	
3982	Various Technology Improvements	6.96					6.96	6.96	
4026	2012 Road Resurfacing Program	107.88					107.88	107.88	
4029	2013 Road Overlay Program	250.00					250.00	250.00	
4062	Improvements to Middlebush Park	35,000.00					35,000.00	35,000.00	
4063	2014 Road Resurfacing Program	71,900.00					66,924.18	66,924.18	
4107	Various Capital Improvements	26,566.86							
4108	2015 Road Resurfacing Program	422,454.16							
4140	Various Capital Improvements - 2015	753,750.00		\$ 156,000.00			266,454.16	266,454.16	266,454.16
4141	Various Capital Improvements - 2016	1,402,000.00		1,390,000.00	\$ 114,672.00		639,078.00	639,078.00	639,078.00
4142	2016 Road Resurfacing Program	2,452,750.00		1,390,000.00			12,000.00	33.31	11,966.69
4189	Improv. & Equip Var. Parks - Open Space	2,455,522.00		2,169,000.00			2,452,750.00	2,452,750.00	2,452,750.00
4190	Various 2017 Capital Improv. and Equip. Acquis.	240,300.00					286,522.00	59,064.46	227,457.54
4191	2017 Road Resurfacing Program	646,323.00					240,300.00	240,300.00	240,300.00
4192	Imprvs. to and Equip. Acquis. for Var. Parks (Open Space)	644,328.00					646,323.00	508,219.05	138,103.95
4232	Imprvs. to Various Historic Houses	1,502,900.00		1,100,000.00			644,328.00	73,654.58	570,673.42
4281	Various 2018 Capital Improvements and Equip. Acquis.	1,662,500.00					402,900.00	14,282.71	388,617.29
4282	2019 Road Resurfacing	4,151,891.00		3,000,000.00			1,662,500.00	249,642.87	1,412,857.13
4284	Various 2019 Capital Improvements and Equip. Acquis.	12,872,500.00		12,872,000.00			1,151,891.00	1,151,891.00	1,151,891.00
4321	Construction of a Youth Center		\$ 5,477,750.00				500.00	500.00	500.00
4323	Various 2020 Capital Improvements and Equip. Acquis. (Open Space)		1,483,000.00				1,483,000.00	1,251,167.39	4,226,582.61
		\$29,527,331.42	\$ 6,960,750.00	\$ 20,687,000.00	\$ 114,672.00	\$ 31,542.68	\$ 15,654,866.74	\$ 2,381,414.33	\$ 13,273,452.41
		C	C-8, C-13	Below, C-13	C-11, C-13	C-8, C-13	C	C-3	C-8
	Bonds Payable			\$ 19,460,000.00					
	Premium on Bonds Used to Reduce Debt Service			1,227,000.00					
	Above			\$ 20,687,000.00					

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Ref.	TOTAL	CURRENT FUND	OPEN SPACE TRUST FUND	GRANT FUND
Balance - Dec. 31, 2019	C	\$ (3,064,070.27)	\$ (1,116,391.12)	\$ (1,479,179.15)	\$ (468,500.00)
Due From					
Increased By:					
Funds Received	C-2	5,581,209.38	24,154.38	5,557,055.00	
Subtotal		2,517,139.11	(1,092,236.74)	4,077,875.85	(468,500.00)
Decreased by:					
Funds to Reserve	C-11	990,000.00	990,000.00		
Funding for Ordinances	C-8	4,074,300.00		4,074,300.00	
Capital Improv. Fund	C-12	287,250.00	287,250.00		
		5,351,550.00	1,277,250.00	4,074,300.00	-
Balance - Dec. 31, 2020	C	\$ (2,837,986.74)	\$ (2,369,486.74)	\$ -	\$ (468,500.00)
Due From	C	\$ 3,575.85	\$ -	\$ 3,575.85	\$ -
Due To					





TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES OF BONDS DATE	AMOUNT	INTEREST RATE	BALANCE DEC. 31, 2019	INCREASED	DECREASED	BALANCE DEC. 31, 2020
General Improvement Bonds	11/7/2014	\$ 9,620,000.00	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%	\$ 6,500,000.00	\$ 750,000.00		\$ 5,750,000.00
General Improvement Bonds	12/20/2017	12,725,000.00	12/15/2021	800,000.00	2.000%				
			12/15/2022	550,000.00	3.000%				
			12/15/2023	550,000.00	3.000%				
			12/15/2024	550,000.00	4.000%				
			12/15/2025	575,000.00	4.000%				
			12/15/2026	600,000.00	3.000%				
			12/15/2027	1,100,000.00	2.125%				
			12/15/2028	1,000,000.00	3.000%				
			12/15/2029	1,000,000.00	3.000%				
			12/15/1930	1,000,000.00	3.000%				
			12/15/1931	1,000,000.00	3.000%	10,525,000.00	800,000.00		9,725,000.00
			12/15/1932	1,000,000.00	3.000%				
General Improvement Bonds	6/17/2020	19,460,000.00	6/15/2021	590,000.00	4.000%				
			6/15/2022	635,000.00	4.000%				
			6/15/2023	660,000.00	4.000%				
			6/15/2024	660,000.00	4.000%				
			6/15/2025	660,000.00	4.000%				
			6/15/2026	660,000.00	4.000%				
			6/15/2027	990,000.00	4.000%				
			6/15/2028	990,000.00	4.000%				
			6/15/2029	1,010,000.00	4.000%				
			6/15/2030	1,060,000.00	4.000%				
			6/15/2031	1,080,000.00	2.000%				
			6/15/2032	1,090,000.00	2.000%				
			6/15/2033	1,150,000.00	2.000%				
			6/15/2034	1,175,000.00	2.000%				
			6/15/2035	1,175,000.00	2.000%				
			6/15/2036	1,175,000.00	2.000%				
		6/15/2037	1,175,000.00	2.000%					
		6/15/2038	1,175,000.00	2.000%					
		6/15/2039	1,175,000.00	2.000%					
		6/15/2040	1,175,000.00	2.000%		\$ 19,460,000.00		19,460,000.00	
						\$ 17,025,000.00	\$ 19,460,000.00	\$ 1,550,000.00	\$ 34,935,000.00
						C	C-5, C-6	C-5	C
						Ref.			

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>DATE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u>	
						<u>DEC. 31, 2019</u>	<u>DEC. 31, 2020</u>
Energy Efficient Equipment	\$1,132,878.21	9/7/12	3.7529%	2021 2022 2023 2024 2025 2026	\$ 84,692.27 89,968.03 97,746.67 105,246.65 111,713.64 88,369.26	\$ 656,919.24	\$ 577,736.52
						<u>\$ 656,919.24</u>	<u>\$ 577,736.52</u>
						C	C-5
							C

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Increases	Decreases	Balance Dec. 31, 2020
Reserve for:				
Cash Reserves:				
To Pay Debt Service	\$ 350,470.13			\$ 350,470.13
Interest Earned - Green Trust Loan	12,146.16			12,146.16
Pierce, Davidson & Elizabeth	402.89			402.89
Due from Rutgers/Hutcheson - VBT	19,482.04			19,482.04
Villagers Lease Program	16,582.42	\$ 607.74		17,190.16
Developers Agreement	33,565.00			33,565.00
Franklin Township Library	24,632.00			24,632.00
Phillips Road Area Restoration Project - 4140		990,000.00	\$ 114,672.00	875,328.00
	\$ 457,280.64	\$ 990,607.74	\$ 114,672.00	\$ 1,333,216.38
<u>Ref.</u>	C	Below	C-6, C-13	C
Cash Receipts		\$ 607.74		
Interfunds		990,000.00		
Above		\$ 990,607.74		

TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance -December 31, 2019	C	\$ 122,689.74
Increased by:		
Budget Appropriation	C-7	<u>287,250.00</u>
		409,939.74
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>287,250.00</u>
Balance -December 31, 2020	C	<u><u>\$122,689.74</u></u>



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

D-6

SCHEDULE OF CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2019	D	\$13,927,520.46	\$ 4,670,493.62
Increased by Receipts:			
Treasurer - Misc. Revenue	D-3	\$ 77,767.47	
Collector - Misc. Revenue	D-3	1,091,466.81	
Water Rent Collections	D-3, D-10	11,474,100.15	
Water Rent Lien Collections	D-3	3,926.36	
Fire Service Rent Collections	D-3, D-11	1,148,641.86	
Serial Bond Proceeds	D-24		\$ 6,305,000.00
Premium on Serial Bonds used to reduce Debt	D-29		410,000.00
Premium on Serial Bonds	D-2		555.60
Water Rent Overpayments	D-18	149,675.80	
Prepaid Fire Service Rent Collections	D-19	4,337.24	
Interfunds Receivable/Payable	D-14		20,451.45
		<u>13,949,915.69</u>	<u>6,736,007.05</u>
		27,877,436.15	11,406,500.67
Decreased by Disbursements:			
Budget Expenditures	D-4	12,861,687.81	
Appropriation Reserves	D-17	1,478,352.17	
Water Rent Overpayments Refunded	D-18	35,553.20	
Accounts Payable	D-20	97,376.57	
Interfunds	D-13	4,732,510.43	
Improvement Authorizations	D-22		1,525,538.98
		<u>19,205,480.18</u>	<u>1,525,538.98</u>
Balance, December 31, 2020	D	<u>\$ 8,671,955.97</u>	<u>\$ 9,880,961.69</u>
			<u>114</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

SCHEDULE OF CHANGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, <u>2020 and 2019</u>
Collector	<u>\$ 200.00</u>
<u>Ref.</u>	D

WATER UTILITY OPERATING FUND  
SCHEDULE OF ANALYSIS OF CASH AND INVESTMENTS  
WATER UTILITY ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance December 31, <u>2020 and 2019</u>
Fund Balance	<u>\$ 14,487.70</u>
<u>Ref.</u>	D



TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF ANALYSIS OF CASH AND INVESTMENTS  
WATER UTILITY CAPITAL CASH  
DECEMBER 31, 2020 and 2019

	Balance <u>December 31, 2020</u>	Balance <u>December 31, 2019</u>
Fund Balance	\$ 875,482.37	\$ 874,926.77
Capital Improvement Fund	1,530,015.01	1,525,015.01
Improvement Authorizations Funded	6,388,509.35	3,439,554.07
Improvement Authorizations Unfunded	9,901,869.99	6,025,516.55
Bonds and Notes Authorized But Not Issued	(10,268,139.95)	(9,263,139.95)
Reserve for Encumbrances	1,464,102.94	2,094,950.64
Reserve to Pay Debt Service	67,589.50	67,589.50
Interfunds Receivable	<u>(78,467.52)</u>	<u>(93,918.97)</u>
	<u>\$ 9,880,961.69</u>	<u>\$ 4,670,493.62</u>
<u>Ref.</u>	D	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	D	\$ 1,804,970.90
Increased by:		
Water Rents Billed and Adjustments (Net)		11,551,139.64
		<u>13,356,110.54</u>
Decreased by:		
Collections	D-3, D-6	\$ 11,474,100.15
Overpayments Applied	D-3, D-18	182,404.97
Transferred to Liens	D-12	956.54
		<u>11,657,461.66</u>
Balance, December 31, 2020	D	<u>\$ 1,698,648.88</u>

WATER UTILITY OPERATING FUND  
SCHEDULE OF FIRE SERVICE RENTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	D	\$ 432,514.63
Increased by:		
Fire Service Rent Billings (Net)		1,186,254.75
		<u>1,618,769.38</u>
Decreased by:		
Collections	D-6	\$ 1,148,641.86
Transferred to Liens	D-12	4,427.84
Prepays Applied	D-3, D-19	7,950.46
		<u>1,161,020.16</u>
Balance, December 31, 2020	D	<u>\$ 457,749.22</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF WATER LIENS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance, December 31, 2019	D		\$ 35,991.72
Increased by:			
Transfers from:			
Water Rents	D-10	\$ 956.54	
Fire Service Rents	D-11	<u>4,427.84</u>	
			<u>5,384.38</u>
			41,376.10
Decreased by:			
Liens Adjusted	Reserve	11.22	
Payments Received in Current Fund	D-3, D-13	<u>3,926.36</u>	
			<u>3,937.58</u>
Balance, December 31, 2020	D		<u><u>\$ 37,438.52</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Water Assessment Trust</u>	<u>Open Space Trust</u>	<u>Water Utility Capital</u>
Balance - December 31, 2019						
Due To	D	\$ 108,406.67	\$ -	\$ 14,487.70	\$ -	\$ 93,918.97
Increased by:						
Capital Improvement Fund	D-4	<u>5,000.00</u>				<u>5,000.00</u>
		113,406.67	-	14,487.70	-	98,918.97
Decreased by:						
Funds Disbursed	D-6, D-12	(4,732,510.43)	(3,926.36)		(4,728,584.07)	
Interest Earned	D-3	<u>(20,451.45)</u>				<u>(20,451.45)</u>
		<u>(4,752,961.88)</u>	<u>(3,926.36)</u>	<u>-</u>	<u>(4,728,584.07)</u>	<u>(20,451.45)</u>
Balance - December 31, 2020	D	<u>\$ 133,858.12</u>	<u>\$ (3,926.36)</u>	<u>\$ 14,487.70</u>	<u>\$ (4,728,584.07)</u>	<u>\$ 78,467.52</u>
Due (From)		<u>\$ (4,732,510.43)</u>	<u>\$ (3,926.36)</u>	<u>\$ -</u>	<u>\$ (4,728,584.07)</u>	<u>\$ -</u>
Due To		<u>\$ 92,955.22</u>	<u>\$ -</u>	<u>\$ 14,487.70</u>	<u>\$ -</u>	<u>\$ 78,467.52</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	Water Utility <u>Operating</u>
Balance, December 31, 2019	D	\$ 93,918.97
Increased by:		
Capital Improvement Fund	D-4, D-26	<u>5,000.00</u>
		98,918.97
Decreased by:		
Cash Received	D-3, D-6	<u>20,451.45</u>
Balance, December 31, 2020	D	<u><u>\$ 78,467.52</u></u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Account</u>	<u>Balance</u> <u>December 31, 2019</u>	<u>Additions By</u> <u>Improvement</u> <u>Authorizations</u>	<u>Additions</u> <u>By</u> <u>Capital Outlay</u>	<u>Balance</u> <u>December 31, 2020</u>
Land & Distribution Rights	\$ 271,211.76			\$ 271,211.76
Distrib. Mains & Appurt.	25,767,912.40			25,767,912.40
Meters, Meter Boxes, Vaults & Equip.	3,773,219.14		\$ 225,043.45	3,998,262.59
Fire Hydrants	283,871.91			283,871.91
Engineering Costs	1,773,124.75			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	<u>1,589,830.99</u>	<u>\$ 13,317,250.09</u>		<u>14,907,081.08</u>
	<u>\$ 35,114,206.32</u>	<u>\$ 13,317,250.09</u>	<u>\$ 225,043.45</u>	<u>\$ 48,656,499.86</u>
<u>Ref.</u>	D	D-16	D-4, D-17, D-27	D

The Fixed Capital as reported is taken from the municipal records and does not necessarily reflect the true condition of such Fixed Capital.

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
 SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2019	2020 Authorization	Transferred to Fixed Capital	Balance December 31, 2020
		Date	Amount				
3608	Acq. Of Var. Vehicles and Equip.	6/13/2006	\$ 397,000.00	\$ 397,000.00		\$ 394,683.92	\$ 2,316.08
3612	Constr. Of Steel Garage	6/13/2006	55,000.00	55,000.00		55,000.00	
3684	Various Capital Improvements	6/13/2006	1,848,000.00	1,848,000.00		1,795,138.93	52,861.07
3762	Various Capital Improvements	6/24/2008	4,929,250.00	4,878,269.95			4,878,269.95
3823	Various 2009 Capital Improvements	4/28/2009	482,000.00	427,500.00		370,973.00	56,527.00
3852/	Interconnect Water Line -	10/27/2009	750,000.00				
4033	New Brunswick (Amended)	9/10/13	430,000.00	1,180,000.00		1,113,766.41	66,233.59
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	656,000.00		651,327.24	4,672.76
4064	Various Capital Acquisitions & Improvements	6/24/14	4,105,000.00	4,105,000.00		3,974,198.96	130,801.04
4109	Various Capital Acquisitions & Improvements	5/26/15	1,033,000.00	1,033,000.00		731,061.27	301,938.73
4143	Various 2016 Capital Improvements	4/12/16	1,020,000.00	1,020,000.00		617,070.99	402,929.01
4145	Various Capital Acquisitions & Improvements - 2016	4/12/16	438,000.00	438,000.00		437,233.05	766.95
4193	Various 2017 Capital Improvements	4/11/17	3,143,100.00	3,143,100.00		2,875,858.62	267,241.38
4195	Various 2017 Acquis. for the Water Utility	4/11/17	316,500.00	316,500.00		300,937.70	15,562.30
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
4292	Various 2019 Capital Improvements	9/10/19	4,150,000.00	4,150,000.00			4,150,000.00
4322	Various Capital Improvements	5/12/20	7,720,000.00	7,720,000.00			7,720,000.00
				\$ 25,628,869.95	\$ 7,720,000.00	\$ 13,317,250.09	\$ 20,031,619.86

Ref.

D

D-22, D-29

D-15

D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u>	<u>Reserve for</u>	<u>Amount</u>	<u>Paid or</u>	<u>Transferred to</u>	<u>Balance</u>
	<u>December 31, 2019</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Accounts Payable</u>	<u>Lapsed</u>
		<u>December 31, 2019</u>	<u>Modification</u>		<u>December 31, 2020</u>	
Operating:						
Salaries and Wages	\$ 240,842.93		\$ 240,842.93	\$ 79,731.30		\$ 161,111.63
Other Expenses	363,090.44	\$ 1,348,423.75	1,711,514.19	1,306,749.10	\$ 45,409.73	359,355.36
Health Benefits	54,043.45		54,043.45			54,043.45
Insurance - Other	5,241.59		5,241.59			5,241.59
Capital Improvements:						
Capital Outlay	72,747.26	148,071.24	220,818.50	90,702.47	117,556.03	12,560.00
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	19,929.88		19,929.88			19,929.88
Social Security System (O.A.S.I.)	14,109.64		14,109.64	1,169.30		12,940.34
	<u>\$ 770,005.19</u>	<u>\$ 1,496,494.99</u>	<u>\$ 2,266,500.18</u>	<u>\$ 1,478,352.17</u>	<u>\$ 162,965.76</u>	<u>\$ 625,182.25</u>

Ref.

D

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D-6

D-20

D-1



TOWNSHIP OF FRANKLIN  
WATER UTILITY OPERATING FUND

SCHEDULE OF WATER RENT OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 201,905.22
Increased by:		
Overpayments Received	D-6	149,675.80
		<u>351,581.02</u>
Decreased by:		
Overpayments Applied	D-10	182,404.97
Overpayments Refunded	D-6	35,553.20
		<u>35,553.20</u>
Balance - December 31, 2020	D	<u>\$ 133,622.85</u>

D-19

SCHEDULE OF PREPAID FIRE SERVICE RENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 7,950.46
Increased by:		
Prepayments Received	D-6	4,337.24
		<u>12,287.70</u>
Decreased by:		
Prepaid Fire Service Rents Applied	D-11	7,950.46
		<u>7,950.46</u>
Balance - December 31, 2020	D	<u>\$ 4,337.24</u>

D-20

SCHEDULE OF ACCOUNTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 1,407,936.66
Increased by:		
Charged to Appropriation Reserves	D-17	162,965.76
		<u>1,570,902.42</u>
Decreased by:		
Accounts Payable Canceled	D-1	947,470.29
Cash Disbursed	D-6	97,376.57
		<u>97,376.57</u>
Balance - December 31, 2020	D	<u>\$ 526,055.56</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND LOANS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	D	\$ 30,619.80
Decreased by:		
Budget Appropriation	D-4	89,760.96
Balance, December 31, 2020	D, Below	\$ 120,380.76

Analysis of Balance - December 31, 2020

	<u>Principle Outstanding December 31, 2020</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Water and Refunding Bonds:						
\$	4,405,000.00	Various	November 1, 2020	December 31, 2020	2 mos.	\$ 19,584.38
	4,100,000.00	Various	December 15, 2020	December 31, 2020	15 days	5,192.71
	6,305,000.00	Various	June 15, 2020	December 31, 2020	194 days	95,603.67
	Total					\$ 120,380.76
					<u>Ref.</u>	Above

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Ord No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2019		Encumbrances December 31, 2019	2020 Authorizations	Cash Disbursed	Encumbrances December 31, 2020	Balance, December 31, 2020	
				Funded	Unfunded					Funded	Unfunded
	<b>General Improvements:</b>										
3608	Acq. Of Var. Vehicles and Equipment	6/13/06	\$ 397,000.00	\$ 2,316.08					\$ 2,316.08		
3684	Various 2007 Capital Improvements	6/13/06	1,848,000.00	\$ 52,861.07					3,861.07	\$ 49,000.00	
3762	Various 2008 Capital Improvements	6/24/08	4,929,250.00	2,673,980.05	549,019.95	\$ 516.13			2,674,476.18	549,039.95	
3823	Various 2009 Capital Improvements, Amended	4/28/09	482,000.00	69,108.00					\$ 12,581.00	56,527.00	
3852/	Interconnect Water Line -	10/27/09	750,000.00								
4033	New Brunswick (Amended)	9/10/13	430,000.00	50,208.68		53,905.08			37,880.17	66,233.59	
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	3,672.76	1,000.00					3,672.76	1,000.00
4064	Various Capital Acquisitions & Improvements - 2014	6/24/14	4,105,000.00	109,500.00					724,046.00	130,801.04	
4109	Various Capital Acquisitions & Improvements - 2015	5/26/15	1,033,000.00	306,846.73		877,090.58	\$ 131,743.54		36,000.00	3,938.73	298,000.00
4143	Various 2016 Capital Improvements	4/12/16	1,020,000.00	393,479.01		324,086.73	38,780.88		275,855.85	32,929.01	370,000.00
4145	Various Capital Acquisitions & Improvements - 2016	4/12/16	438,000.00	29.10		737.85			146,692.15	766.95	
4193	Various 2017 Capital Improvements	4/11/17	3,143,100.00	452,419.26		369,957.36	408,443.09			15,562.30	267,241.38
4195	Various 2017 Acquis. for the Water Utility	4/11/17	316,500.00	530,739.40		15,562.30				526,016.11	
4231	Various Capital Acquisitions and Improvements	4/24/18	961,500.00				4,723.29		25,038.17	15,200.00	745,000.00
4233	Water Main Replacement, Cleaning and Lining	4/24/18	1,020,000.00	760,200.00		255,294.61	230,256.44		71,565.10	2,856,208.53	150,000.00
4292	Various 2019 Capital Improvements	9/10/19	4,150,000.00	3,509,690.53		93,475.00	525,391.90		134,444.50		7,472,588.66
4322	Various Capital Improvements	5/12/20	7,720,000.00				112,966.84				
				\$ 3,439,554.07	\$ 6,025,516.55	\$ 2,094,950.64	\$ 1,525,538.98	\$ 1,464,102.94	\$ 6,388,509.35	\$ 9,901,869.99	

Ref.

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D-16, D-29

D-6

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TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR DEBT SERVICE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2020 and 2019	D	<u>\$ 67,589.50</u>

TOWNSHIP OF FRANKLIN  
WATER UTILITY CAPITAL FUND

SCHEDULE OF WATER UTILITY CAPITAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS DATE	INTEREST RATE	BALANCE Dec. 31, 2019	INCREASED	DECREASED	BALANCE Dec. 31, 2020
Water Utility Bonds - Series 2010	6/15/2010	\$ 5,440,000.00	11/1/2021	2.000%	\$ 555,000.00	\$ 555,000.00		
Water Utility Bonds - Series 2014	11/7/2014	6,580,000.00	11/1/2022	2.125%				
			11/1/2023	2.250%				
			11/1/2024	2.500%				
			11/1/2025	3.000%				
			11/1/2026	3.000%				
			11/1/2027	3.000%				
			11/1/2028	3.000%				
			11/1/2029	3.000%	4,830,000.00	425,000.00		4,405,000.00
Water Utility Bonds - Series 2017	12/20/2017	5,000,000.00	12/15/2021	2.000%				
			12/15/2022	3.000%				
			12/15/2023	3.000%				
			12/15/2024	4.000%				
			12/15/2025	4.000%				
			12/15/2026	3.000%				
			12/15/2027	2.125%	4,400,000.00	300,000.00		4,100,000.00
Water Utility Bonds - Series 2020	6/17/2020	6,305,000.00	6/15/2021	4.000%				
			6/15/2022	4.000%				
			6/15/2023	4.000%				
			6/15/2024	4.000%				
			6/15/2025	4.000%				
			6/15/2026	4.000%				
			6/15/2027	4.000%				
			6/15/2028	4.000%				
			6/15/2029	4.000%				
			6/15/2030	4.000%				
			6/15/2031	2.000%				
			6/15/2032	2.000%				
			6/15/2033	2.000%				
			6/15/2034	2.000%				
			6/15/2035	2.000%				
			6/15/2036	2.000%				
			6/15/2037	2.000%				
			6/15/2038	2.000%				
			6/15/2039	2.000%				
			6/15/2040	2.000%				
					\$ 6,305,000.00			6,305,000.00
					\$ 9,785,000.00	\$ 6,305,000.00	\$ 1,280,000.00	\$ 14,810,000.00

Ref. D D-6 D-4, 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, 2020

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>BALANCE Dec. 31, 2019</u>	<u>DECREASED</u>	<u>BALANCE Dec. 31, 2020</u>
Infrastructure Water Loan	11/9/2000	\$ 855,000.00	5.250%	\$ 70,000.00	\$ 70,000.00	\$ -
				<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ -</u>
			<u>Ref.</u>	D	D-4, D-27	D

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE FOR RESERVE FOR CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance, December 31, 2019	D	\$ 1,525,015.01
Increased by:		
Budget Appropriation	D-4, D-14	5,000.00
Balance, December 31, 2020	D	\$ 1,530,015.01

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	D	\$ 39,698,936.32
Increased by:		
Additions by Capital Outlay - 2020 Appropriations	D-4	\$ 16,784.95
Additions by Capital Outlay - 2019 Appropriation Reserves	D-17	208,258.50
Paid by Budget Appropriations:		
NJEIT Loans	D-25	70,000.00
Serial Bonds	D-24	1,280,000.00
Bonds Paid by Premium	D-29	410,000.00
		1,985,043.45
Balance - December 31, 2020	D	\$ 41,683,979.77

WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2020 and 2019	D	\$ 1,926,000.00

TOWNSHIP OF FRANKLIN  
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance</u> <u>December 31, 2019</u>	<u>2020</u> <u>Authorizations</u>	<u>2020</u> <u>Funding</u>	<u>Balance</u> <u>December 31, 2020</u>
3684	Various Capital Improvements	\$ 339,000.00		\$ 290,000.00	\$ 49,000.00
3762	Various 2008 Capital Improvements	549,039.95			549,039.95
4028	Various Capital Acquisitions & Improvements - 2014	1,000.00			1,000.00
4109	Various Capital Acquisitions & Improvements - 2015	523,000.00		225,000.00	298,000.00
4143	Various 2016 Capital Improvements	795,000.00		425,000.00	370,000.00
4193	Various 2017 Capital Improvements	1,886,100.00		1,500,000.00	386,100.00
4233	Water Main Replacement, Cleaning and Lining	1,020,000.00		275,000.00	745,000.00
4292	Various 2019 Improvements	4,150,000.00		4,000,000.00	150,000.00
4322	Various Capital Improvements		<u>\$ 7,720,000.00</u>		<u>7,720,000.00</u>
		<u>\$ 9,263,139.95</u>	<u>\$ 7,720,000.00</u>	<u>\$ 6,715,000.00</u>	<u>\$ 10,268,139.95</u>
		D	D-16, D-22	Below	D
	Bonds Payable			\$ 6,305,000.00	
	Funded by Premium on Debt			<u>410,000.00</u>	
	Total Funding			<u>\$ 6,715,000.00</u>	



TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance - December 31, 2019	E		\$ (2,081.00)
Increased by Receipts:			
State Aid for Public Assistance	E-2, E-5		<u>166,452.45</u>
			164,371.45
Decreased by Disbursements:			
Disbursed for Public Assistance	E-2	\$ 165,991.00	
Miscellaneous	E-2	<u>941.75</u>	
	E-4, E-5		<u>166,932.75</u>
Balance - December 31, 2020 (Accounts Payable)	E		<u><u>\$ (2,561.30)</u></u>

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	E	\$ (2,081.00)
Increased by:		
Cash Receipts	E-1	<u>166,452.45</u>
		164,371.45
Decreased by:		
Cash Disbursements:		
2020 Assistance	E-1	\$ 165,991.00
Miscellaneous	E-1	<u>941.75</u>
		<u>166,932.75</u>
Balance - December 31, 2020	E, Below	<u><u>\$ (2,561.30)</u></u>
<u>Reconciliation - December 31, 2020:</u>		
Balance on Deposit per Statement of:		
Bank of America, Somerset, N.J.		
- Government Agency Account		\$ -
Less: Outstanding Checks		<u>2,561.30</u>
Balance - December 31, 2020		
- Government Agency Account	Above	<u><u>\$ (2,561.30)</u></u>

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
State Aid Payments	E-5	<u>\$ 166,452.45</u>
Total Receipts/Revenues (PATF)	E-1	<u><u>\$ 166,452.45</u></u>

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Payments for Current Year Assistance (Reported):		
Maintenance Payments		\$ 28,789.00
Other:		
Temporary Rent Assistance		112,513.00
Bank Charges		941.75
Transportation		<u>24,689.00</u>
Total Reported	E-5	<u>166,932.75</u>
Total Disbursements (PATF)	E-1, E-5	<u><u>\$ 166,932.75</u></u>

TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE FUND

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance - December 31, 2019	E	\$ (2,081.00)
Increased by:		
State Aid for Public Assistance	E-1, E-3, E-4	<u>166,452.45</u>
		164,371.45
Decreased by:		
Payments for Public Assistance		\$ 165,991.00
Miscellaneous - Bank Charges		<u>941.75</u>
	E-1, E-4	<u>166,932.75</u>
Balance - December 31, 2020	E	<u><u>\$ (2,561.30)</u></u>



## REPORT ON COMPLIANCE FOR ITS MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITORS' REPORT

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

#### **Report on Compliance for Its Major Federal Program**

We have audited the Township of Franklin's, in the County of Somerset, New Jersey (the "Township") compliance with the types of compliance requirements described in the OMB's *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2020. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of federal awards applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Department of Community Affairs, Division of Local Government Services, State of New Jersey, and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal and state programs. However, our audit does not provide a legal determination of the Township's compliance.

#### ***Opinion on the Major Federal Program***

In our opinion, the Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

## Report on Internal Control Over Compliance

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

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

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

### Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Scott A. Clelland  
Registered Municipal Accountant  
No. 455



WISS & COMPANY, LLP

December 13, 2021  
Florham Park, New Jersey

Township of Franklin

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Funding Department	ALN	State Grant FAIN Number	Total Award	Grant Year	2020	
					Cash Receipts	Expenditures
US Department of Treasury Pass Through State of New Jersey COVID-19 Coronavirus Relief Fund	21.019	N/A	\$ 890,366.00	2020	\$ 890,366.00	\$ 890,366.00
Total US Department of Treasury					890,366.00	890,366.00
US Department of Housing and Urban Development Pass through State of NJ Community Development Block Grant	14.218	N/A	295,072.33	2019, 2020	295,072.33	295,072.33
Total US Department of Housing and Urban Development					295,072.33	295,072.33
U.S. Department of Agriculture Pass-Through the State of New Jersey: Summer Food Service Program for Children	10.559	N/A	8.00	2020	7.94	7.94
					7.94	7.94
U.S. Department of Health and Human Services Pass -Through the State of New Jersey: COVID-19 Pandemic Influenza Planning Grant	93.069	N/A	1,313.90	2020		1,313.90
						1,313.90
U.S. Department of Homeland Security Pass - Through the State of New Jersey: COVID-19 Disaster Grants - Public Assistance - Coronavirus Pandemic	97.036	N/A	7,928.03	2020	7,928.03	7,928.03
					7,928.03	7,928.03
U.S Department of Defense National Guard Military Operations and Maintenance Projects	12.401	N/A	8,007.82	2020	8,007.82	8,007.82
					8,007.82	8,007.82
Total Federal Awards					\$ 1,201,382.12	\$ 1,202,696.02

# Township of Franklin

## Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

### **1. General**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Township of Franklin (the "Township"). The Township is defined in Note 1 to the Township's regulatory basis financial statements. All federal awards received directly or as federal assistance passed through other government agencies, are included on the schedule of expenditures of federal awards.

### **2. Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the basis of accounting as described in Note 1 to the Township's regulatory basis financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) Therefore, some amounts presented in the schedule may differ from amounts presented, or used in the preparation of, the regulatory basis financial statements.

### **3. Relationship to Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements.

### **4. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial reports.

### **5. Indirect Costs**

The Township did not use the 10% de minimis indirect cost rate as permitted by the Uniform Guidance.



# Township of Franklin

## Schedule of Findings and Questioned Costs

Year ended December 31, 2020

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified – Regulatory Basis  
Adverse – U.S. GAAP

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Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards**

Dollar threshold used to distinguish between Type A and Type B programs \_\_\_\_\_ \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None reported

Type of auditors' report issued on compliance for major federal programs: \_\_\_\_\_ Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

AL Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

Township of Franklin  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2020

**Part II – Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

# Township of Franklin

## Schedule of Findings and Questioned Costs

Year ended December 31, 2020

### **Part III – Schedule of Federal Awards Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal award programs, as required by the Uniform Guidance.

#### **Federal Awards Programs**

No compliance or internal control findings noted that are required to be reported in accordance with the Uniform Guidance.

Township of Franklin  
Schedule of Prior Year Findings  
Year ended December 31, 2020

None identified in the prior year audit.

## Comments Section

Township of Franklin  
Somerset County, New Jersey

Comments

For the Years Ended December 31, 2020 and 2019

An audit of the financial accounts and transactions of the Township of Franklin, Somerset County, New Jersey (the "Township") for the year ended December 31, 2020 and 2019, 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 of America 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 (\$44,000.00 effective July 1, 2020). 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 (\$44,000.00 effective July 1, 2020) "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**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax rate	\$ 2.197	\$ 2.230	\$ 2.254
Apportionment of tax rate:			
Municipal	\$ 0.333	\$ 0.344	\$ 0.358
Library	0.034	0.034	0.034
Municipal Open Space	0.050	0.050	0.050
County	0.319	0.328	0.323
County Open Space	0.030	0.031	0.031
Local school	1.431	1.443	1.458
Net valuation taxable	<u>\$10,559,534,729</u>	<u>\$10,198,322,683</u>	<u>\$9,807,191,247</u>

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
2020	\$ 241,399,357	\$ 238,607,845	98.84%
2019	235,706,421	232,697,415	98.72%
2018	230,353,919	227,182,799	98.62%

**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
2020	\$ 230,640	\$ 3,094,453	\$ 3,325,093	1.44%
2019	375,064	2,885,642	3,260,706	1.42%
2018	358,679	3,192,798	3,551,477	1.54%

The last tax sale was held on October 29, 2021 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
2020	9
2019	9
2018	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, 2020, 2019 and 2018.

**Equalized Valuations - Real Property**

Year	Amount
2020	\$ 11,309,248,927
2019	10,669,382,532
2018	10,541,120,734

**Comparative Schedule of Water Utility Levies and Collections  
For the Years Ended December 31, 2020, 2019 and 2018**

Year	Levies	Collections *
2020	\$ 11,551,140	\$ 11,660,431
2019	11,378,719	11,644,246
2018	11,721,335	11,642,286

\*-Includes collection of prior year receivables.

**Comparative Schedule of Fund Balances**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2020	\$ 25,786,850	\$ 9,130,229
	2019	24,976,282	8,178,336
	2018	25,158,847	7,271,686
Water Utility Operating Fund	2020	10,151,448	2,273,754
	2019	9,904,401	1,000,000
	2018	8,857,253	1,000,000

Township of Franklin  
Somerset County, New Jersey

Comments (continued)

**Officials in Office and Surety Bonds**

Name	Title	Amount of Bond
Phillip Kramer	Mayor	
James Vassanella	Deputy Mayor	
Sivaraman Anbarasan	Councilman	
Kimberly Francois	Councilwoman	
Shepa Uddin	Councilman	
Charles Onyejiaka	Councilman	
Theodore Chase	Councilman	
Crystal Pruitt	Councilwoman	
Carl R.A. Wright	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	
Richard 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	
John Fodor	Officer in Charge of Police	
Vincent Lupo	Construction Official	
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  
For the Year Ended December 31, 2020

**Prior Year Findings**

Unless otherwise noted below, corrective action has been taken on all of the prior year's recommendations.

**Financial Reporting**

***2020-001 Assessment Receivable (repeat from 2019):***

During our audit of the trust assessment fund, we noted that the Assessments Receivable balance has not changed in several years.

We suggest that the Township review the assessments receivable balances for collectability or write-off against the reserve if deemed not collectible.

*Management Response:*

An Ordinance writing off these offsetting receivables and reserve balances is scheduled for final adoption at the Council Meeting of December 14, 2021.

***2020-002 Year End Close of Financial Statements***

During our audit of the current and water utility funds, we noted that adjustments were made in the utility and tax software, but not all of those adjustments were reflected in the unaudited annual financial statement.

We suggest that prior to preparing unaudited financial statements, the Township verify that all known adjustments have been posted to the unaudited financial statements as of year-end.

*Management Response:*

The Director of Revenue & Finance has discussed the need to have the annual Tax and Water Collections reconciled within the first two weeks of 2022 and that no adjustments should be made to the 2021 balances, subsequent to submission of the annual reports.

**Other Financial Matters**

***2020-03 Payment in Lieu of Taxes (PILOT) Revenue***

During our audit of PILOT revenue, we noted that separate payments in the amount of 5% of the PILOT revenue were not being made to Somerset County. Further investigation revealed that the properties related to the PILOT are tax exempt. However, the assessments for land were never updated to reflect tax exempt status. Therefore, the Township has been paying the County tax rate to the Somerset County on these properties, which is greater than the 5% requirement.

We suggest that the assessments be corrected and that payments to the County for the 5% portion of PILOT revenue commence.

*Management Response:*

Assessments on all PILOT properties are in the process of being adjusted and payments will be made to the County in the future.