

FRANKLIN TOWNSHIP

COUNTY OF WARREN

REPORT OF AUDIT

2022

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

FRANKLIN TOWNSHIP

WARREN COUNTY

REPORT OF AUDIT

2022

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FRANKLIN TOWNSHIP

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022



Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Franklin Township, Warren County
Franklin, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of Franklin Township, in the County of Warren (the "Township") as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Unmodified and Qualified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the general fixed assets account group of the Township as of December 31, 2022 in accordance with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Township as of December 31, 2022, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the year then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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 section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Township as of December 31, 2022, or the changes in financial position thereof for the years then ended.

Basis for Unmodified Opinions on the Various Funds and Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members
of the Township Committee
Franklin Township, Warren County
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Matter Giving Rise to Qualified Opinion on General Fixed Assets Account Group on Regulatory Basis of Accounting

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division, 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's regulatory basis of accounting and the budget laws of New Jersey.

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

Other Matters

The financial statements of the Township as of December 31, 2021 were audited by other auditors whose report dated April 15, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management 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") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

The Honorable Mayor and Members
of the Township Committee
Franklin Township, Warren County
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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state 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") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group 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 data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

The Honorable Mayor and Members
of the Township Committee
Franklin Township, Warren County
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023 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.

Mount Arlington, New Jersey
June 23, 2023

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Registered Municipal Accountant #560
Certified Public Accountant

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
CURRENT FUND

FRANKLIN TOWNSHIP
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,031,414.99	\$ 3,047,671.07
Petty Cash		550.00	550.00
		<u>3,031,964.99</u>	<u>3,048,221.07</u>
Due To State of New Jersey for			
Senior Citizen and Veterans Deductions		60.20	1,060.20
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	278,394.95	250,196.19
Tax Title Liens Receivable	A-8	330,902.34	202,509.78
Property Acquired for Taxes - Assessed Valuation		454,100.00	454,100.00
Due from Municipal Open Space Trust Fund	B	49,870.54	42,491.76
Due from Animal Control Trust Fund	B	2,669.08	0.16
Due from General Capital Fund	C	341,789.33	1.27
		<u>1,457,726.24</u>	<u>949,299.16</u>
Total Regular Fund		<u>4,489,751.43</u>	<u>3,998,580.43</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-13	224,300.00	136,700.00
Due from Current Fund	A	403,321.99	236,863.98
Due from General Capital Fund	C	6,198.68	6,198.68
Total Federal and State Grant Fund		<u>633,820.67</u>	<u>379,762.66</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,123,572.10</u>	<u>\$ 4,378,343.09</u>

FRANKLIN TOWNSHIP
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31	
		2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	\$ 33,646.62	\$ 159,475.00
Encumbered	A-3;A-10	2,247.67	1,619.00
Total Appropriation Reserves		35,894.29	161,094.00
County Taxes Payable - Added/Omitted		35,401.29	27,812.28
Local District School Taxes Payable	A-11	376,577.28	361,396.28
Regional High School Taxes Payable	A-12	933,944.79	819,668.09
Tax Overpayments		84,424.99	54,943.53
Prepaid Taxes		69,663.95	65,481.76
Due to State of New Jersey - Marriage License Fees			100.00
Due to Federal and State Grant Fund	A	403,321.99	236,863.98
Due to Other Trust Funds - Tax Sale Premiums	B	125,986.16	128,086.16
Due to Other Trust Funds - POAA	B	4.00	
Reserve for Municipal Relief Fund Aid		13,332.62	
Reserve for Sale of Municipal Assets			5,000.00
		2,078,551.36	1,860,446.08
Reserve for Receivables and Other Assets	A	1,457,726.24	949,299.16
Fund Balance	A-1	953,473.83	1,188,835.19
Total Regular Fund		4,489,751.43	3,998,580.43
Federal and State Grant Fund:			
Appropriated Reserves	A-14	303,198.68	202,224.65
Unappropriated Reserves	A-15	330,621.99	177,538.01
Total Federal and State Grant Fund		633,820.67	379,762.66
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,123,572.10</u>	<u>\$ 4,378,343.09</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31,	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	591,650.00	\$ 591,650.00
Miscellaneous Revenue Anticipated		507,953.38	493,903.00
Receipts from Delinquent Taxes		284,467.49	217,440.00
Receipts from Current Taxes		12,883,018.20	12,438,227.00
Nonbudget Revenue		73,637.55	245,538.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		93,880.88	137,485.00
Interfunds Returned		42,483.00	
Total Income		14,477,090.50	14,124,243.00
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		1,912,392.69	1,881,425.00
County Taxes		3,088,690.59	2,909,587.00
Due County For Added/Omitted Taxes		11,592.63	4,004.00
Local District School Tax		4,069,896.00	4,039,535.00
Regional High School Tax		4,643,901.00	4,480,320.00
Municipal Open Space Tax			15.00
Interfunds Advanced		394,328.95	42,483.00
Refund of Prior Year Revenue			12,302.00
Total Expenditures		14,120,801.86	13,369,671.00
Statutory Excess to Fund Balance		356,288.64	754,572.00
<u>Fund Balance</u>			
Balance January 1		1,188,835.19	1,025,913.19
		1,545,123.83	1,780,485.19
Decreased by:			
Utilization as Anticipated Revenue		591,650.00	591,650.00
Balance December 31	A	\$ 953,473.83	\$ 1,188,835.19

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Anticipated Budget	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 591,650.00	\$ 591,650.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverage	2,300.00	2,326.20	\$ 26.20
Other	4,500.00	6,055.00	1,555.00
Interest and Costs on Taxes	60,000.00	92,649.74	32,649.74
Interest on Investments & Deposits	500.00	353.28	146.72 *
Energy Receipts Taxes	255,591.00	255,591.00	
Garden State Preservation Trust Fund	5,099.00	5,099.00	
Recycling Tonnage Grant	923.97	923.97	
NJ Transportation Fund Authority Act - Millbrook Road	87,600.00	87,600.00	
Clean Communities Program Grant	18,355.19	18,355.19	
Other Special Items:			
Open Space Trust Fund - Maintenance of Open Space Property	30,000.00	30,000.00	
Vacant Properties Registration Fees	2,000.00	4,000.00	2,000.00
Reserve for Sale of Municipal Assets	5,000.00	5,000.00	
Total Miscellaneous Revenue	471,869.16	507,953.38	36,084.22

FRANKLIN TOWNSHIP
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Receipts from Delinquent Taxes	\$ 200,000.00	\$ 284,467.49	\$ 84,467.49
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	1,325,133.97	1,744,164.95	419,030.98
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>1,325,133.97</u>	<u>1,744,164.95</u>	<u>419,030.98</u>
Budget Totals	2,588,653.13	3,128,235.82	539,582.69
Nonbudget Revenue		73,637.55	73,637.55
Totals	<u><u>\$ 2,588,653.13</u></u>	<u><u>\$ 3,201,873.37</u></u>	<u><u>\$ 613,220.24</u></u>

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Allocation of Current Tax Collections:

Revenue from Collections		\$ 12,883,018.20
Allocated to School, County and Open Space Taxes		11,814,080.22
		1,068,937.98
Balance for Support of Municipal Budget Appropriations		675,226.97
Add: Appropriation "Reserve for Uncollected Taxes"		675,226.97
Realized for Support of Municipal Budget Appropriations		\$ 1,744,164.95

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 244,917.79	
Tax Title Lien Collections	39,549.70	
		\$ 284,467.49

Interest on Investments & Deposits:

Collections in Current Fund		\$ 338.00
Due from Animal Control Trust Fund		0.97
Due from General Capital Fund		14.31
		\$ 353.28

Analysis of Nonbudget Revenue:

<u>Miscellaneous Revenue Not Anticipated:</u>		
Cable TV Franchise Fee	\$ 9,517.80	
Senior Citizens and Veterans Deduction Administrative Fee	400.00	
Land Rent - Brandywine	16,274.50	
FEMA Reimbursement	4,672.90	
Solar Credit	6,095.00	
Insurance Dividends	3,579.82	
Woolf Rent	4,760.00	
Santini Land Rent	7,560.00	
Other Miscellaneous	17,610.49	
		\$ 70,470.51
Tax Collector		488.90
Animal Control Statutory Excess		2,667.95
		73,627.36
Less: Refunded		10.19
		\$ 73,637.55

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Department of Administration:					
Codification and Revision of Ordinances	\$ 5,000.00				
Other Expenses	35,000.00	\$ 46,000.00	\$ 45,351.17	\$ 648.83	
Division of Human Resources:	1,000.00				
Other Expenses					
Office of the Mayor:					
Salaries and Wages	16,539.00	16,539.00	16,538.00	1.00	
Other Expenses	500.00	500.00	271.00	229.00	
Municipal Committee and Township Clerk's Office:					
Salaries and Wages	87,190.00	89,190.00	88,510.72	679.28	
Financial Administration:					
Salaries and Wages	28,012.00	30,012.00	29,346.58	665.42	
Other Expenses	10,000.00	11,000.00	10,978.75	21.25	
Audit Services:					
Other Expenses	32,343.00	36,843.00	36,843.00		
Collection of Taxes:					
Salaries and Wages	28,677.00	28,677.00	28,675.92	1.08	
Other Expenses	2,500.00	2,602.00	2,601.80	0.20	
Assessment of Taxes:					
Salaries and Wages	27,489.00	27,489.00	27,488.04	0.96	
Other Expenses	10,000.00	9,000.00	8,591.97	408.03	
Legal Services and Costs:					
Other Expenses	40,000.00	63,000.00	61,770.63	1,229.37	
Engineering Services and Costs:					
Other Expenses	20,000.00	32,000.00	31,321.25	678.75	
Historical Sites Office:					
Other Expenses	2,500.00	500.00	196.01	303.99	

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	\$ 21,395.00	\$ 21,395.00	\$ 21,395.00		
Other Expenses	20,000.00	23,000.00	22,684.97	\$ 315.03	
Zoning Board of Adjustment:					
Salaries and Wages	24,586.00	24,586.00	24,585.00	1.00	
Other Expenses	900.00	900.00	272.68	627.32	
PUBLIC SAFETY:					
Municipal Court:					
Other Expenses	35,700.00	35,700.00	35,700.00		
Office of Emergency Management:					
Salaries and Wages	7,000.00	8,000.00	7,972.82	27.18	
Other Expenses	700.00	3,900.00	3,895.49	4.51	
Aid to Volunteer Fire Companies					
First Aid Organizations - Aid	57,900.00	57,900.00	57,900.00		
First Aid Organizations - Ambulance Lease	21,680.00	21,680.00	21,680.00		
Fire Department:	46,000.00	46,000.00	45,108.45	891.55	
Other Expenses - Hydrant Services	36,000.00	34,000.00	31,298.72	2,701.28	
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	195,000.00	185,000.00	185,000.00		
Other Expenses	200,000.00	156,998.00	143,427.26	13,570.74	
Solid Waste Collections:					
Salaries and Wages	7,744.00	7,744.00	6,435.75	1,308.25	
Building and Grounds:					
Other Expenses	55,000.00	61,000.00	60,183.66	816.34	

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
HEALTH AND HUMAN SERVICES:					
Animal Control Services:					
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00		
Other Expenses	2,133.00	2,133.00	1,332.45	\$ 800.55	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services:					
Other Expenses	3,000.00	3,200.00	3,107.55	92.45	
UTILITY EXPENSE AND BULK PURCHASES:					
Electricity	7,000.00	7,000.00	7,000.00		
Street Lighting	13,000.00	8,000.00	6,488.15	1,511.85	
Gasoline	25,000.00	25,000.00	23,242.65	1,757.35	
INSURANCE:					
General Liability	90,946.00	90,946.00	90,945.00	1.00	
Employee Group Health	56,000.00	56,000.00	52,647.05	3,352.95	
Total Operations Within "CAPS"	1,283,434.00	1,283,434.00	1,250,787.49	32,646.51	
Detail:					
Salaries and Wages	453,632.00	448,632.00	445,947.83	2,684.17	
Other Expenses	829,802.00	834,802.00	804,839.66	29,962.34	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Contributions to:					
Public Employees' Retirement System	57,558.00	57,558.00	57,557.89	0.11	
Public Employees' DCRP System	1,000.00	1,000.00		1,000.00	
Social Security System (O.A.S.I.)	38,000.00	38,000.00	38,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	96,558.00	96,558.00	95,557.89	1,000.11	
Total General Appropriations for Municipal Purposes Within "CAPS"	1,379,992.00	1,379,992.00	1,346,345.38	33,646.62	

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public & Private Programs Offset by Revenue:					
Clean Communities Program	\$ 18,355.19	\$ 18,355.19	\$ 18,355.19		
NJ DOT - Millbrook Road	87,600.00	87,600.00	87,600.00		
Recycling Tonnage Grant	923.97	923.97	923.97		
Total Operations - Excluded from "CAPS"	106,879.16	106,879.16	106,879.16		
Detail:					
Other Expenses	106,879.16	106,879.16	106,879.16		
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Total Capital Improvements - Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	364,750.00	364,750.00	363,750.00	\$ 1,000.00	
Interest on Notes	11,805.00	11,805.00	11,771.53	33.47	
Total Municipal Debt Service - Excluded from "CAPS"	376,555.00	376,555.00	375,521.53	1,033.47	
Total General Appropriations - Excluded from "CAPS"	533,434.16	533,434.16	532,400.69	1,033.47	
Subtotal General Appropriations	1,913,426.16	1,913,426.16	1,878,746.07	\$ 33,646.62	1,033.47
Reserve for Uncollected Taxes	675,226.97	675,226.97	675,226.97		
Total General Appropriations	\$ 2,588,653.13	\$ 2,588,653.13	\$ 2,553,973.04	\$ 33,646.62	\$ 1,033.47

Ref.

A

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 2,588,653.13</u>	
		<u>\$ 2,588,653.13</u>	
Cash Disbursed			\$ 1,780,507.32
Encumbrances	A		2,247.67
Transfer to Appropriated Grant Reserves:			
Federal and State Grants			106,879.16
Reserve for Uncollected Taxes			<u>675,226.97</u>
			2,564,861.12
Less:			
Appropriation Refunds			<u>10,888.08</u>
			<u>\$ 2,553,973.04</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
TRUST FUNDS

FRANKLIN TOWNSHIP
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31	
		2022	2021
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-1	\$ 8,183.08	\$ 7,622.73
		<u>8,183.08</u>	<u>7,622.73</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	502,375.15	501,015.97
Due From Current Fund - Tax Sale Premiums	A	125,986.16	128,086.16
Due From Current Fund - POAA	A	4.00	
		<u>628,365.31</u>	<u>629,102.13</u>
<u>TOTAL ASSETS</u>		<u>\$ 636,548.39</u>	<u>\$ 636,724.86</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 2,669.08	\$ 0.16
Reserve for Animal Control Expenditures	B-2	5,514.00	7,622.57
		<u>8,183.08</u>	<u>7,622.73</u>
Other Trust Funds:			
Due Current Fund - Open Space Trust Fund	A	49,870.54	42,491.76
Reserve for:			
Planning Board Escrow		106,766.99	79,431.17
Open Space		330,416.29	367,750.00
Recreation		14,199.20	10,220.94
Parking Offenses Adjudication Act (POAA)		4.00	
Council on Affordable Housing		1,123.29	1,123.26
Tax Sale Premiums		125,985.00	128,085.00
		<u>628,365.31</u>	<u>629,102.13</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 636,548.39</u>	<u>\$ 636,724.86</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
GENERAL CAPITAL FUND

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 162,284.25	\$ 154,206.44
Grants Receivable:			
Due from Developer's - Mountain Road		19,560.00	19,560.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	4,195,917.64	1,329,667.64
<u>TOTAL ASSETS</u>		<u>\$ 4,377,761.89</u>	<u>\$ 1,503,434.08</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 816,683.00	\$ 1,180,433.00
Improvement Authorizations:			
Funded	C-5	132,767.50	141,095.07
Unfunded	C-5	2,938,296.82	37,969.98
Due to Current Fund	A	341,789.33	1.27
Due to Federal and State Grant Fund	A	6,198.68	6,198.68
Capital Improvement Fund	C-6	81,412.70	97,465.13
Reserve:			
Encumbrances			1,956.50
To Pay Debt Service		20,077.41	
For Recreation Equipment		30,000.00	30,000.00
Fund Balance	C-1	10,536.45	8,314.45
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,377,761.89</u>	<u>\$ 1,503,434.08</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2021	C	\$	8,314.45
Increased by:			
Due from Current Fund - Premium on Notes			<u>2,222.00</u>
Balance December 31, 2022	C	\$	<u><u>10,536.45</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
GENERAL FIXED ASSETS ACCOUNT GROUP

(UNAUDITED)

FRANKLIN TOWNSHIP
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	(Unaudited)	
	2022	2021
<u>ASSETS</u>		
Land	\$ 3,246,819.00	\$ 3,246,819.00
Buildings and Improvements	1,054,557.00	1,054,557.00
Equipment	3,731,304.00	3,731,304.00
<u>TOTAL ASSETS</u>	\$ 8,032,680.00	\$ 8,032,680.00
<u>RESERVES</u>		
Reserve for Fixed Assets	\$ 8,032,680.00	\$ 8,032,680.00
<u>TOTAL RESERVES</u>	\$ 8,032,680.00	\$ 8,032,680.00

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Other Significant Accounting Policies".

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Township's budget. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Township is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Township acquires and owns a fixed asset and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds or by issuing loans or financed purchases agreements.

E. Other significant accounting policies include:

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Fixed Assets (Unaudited) - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for the Current operating Fund. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

	<u>December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 816,683.00	\$ 1,180,433.00	\$ 1,545,161.00
Less:			
Reserve to Pay Debt Service	<u>20,077.41</u>		
Total Issued	<u>796,605.59</u>	<u>1,180,433.00</u>	<u>1,545,161.00</u>
<u>Authorized but not Issued:</u>			
Bonds and Notes	<u>3,379,234.64</u>	<u>149,234.64</u>	<u>149,234.64</u>
 Net Bonds and Notes Issued and Authorized but not Issued	 <u>\$ 4,175,840.23</u>	 <u>\$ 1,329,667.64</u>	 <u>\$ 1,694,395.64</u>

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 revised Annual Debt Statement and indicates a statutory net debt of 0.924%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 4,195,917.64	\$ 20,077.41	\$ 4,175,840.23
Local School District Debt	<u>1,632,180.11</u>	<u>1,632,180.11</u>	<u> </u>
General Debt	<u>\$ 5,828,097.75</u>	<u>\$ 1,652,257.52</u>	<u>\$ 4,175,840.23</u>

Net Debt \$4,175,840.23 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 \$451,940,855 = 0.924%.

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

3.5% Average Equalized Valuation of Real Property	\$ 15,817,929.93
Net Debt	<u>4,175,840.23</u>
Remaining Borrowing Power	<u>\$ 11,642,089.70</u>

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2022</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 1,180,433.00</u>	<u>\$ 816,683.00</u>	<u>\$ 1,180,433.00</u>	<u>\$ 816,683.00</u>
Total	<u>\$ 1,180,433.00</u>	<u>\$ 816,683.00</u>	<u>\$ 1,180,433.00</u>	<u>\$ 816,683.00</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2021</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 1,545,161.00</u>	<u>\$ 1,180,433.00</u>	<u>\$ 1,545,161.00</u>	<u>\$ 1,180,433.00</u>
Total	<u>\$ 1,545,161.00</u>	<u>\$ 1,180,433.00</u>	<u>\$ 1,545,161.00</u>	<u>\$ 1,180,433.00</u>

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Township's debt issued and outstanding on December 31, 2022, is described as follows:

Schedule of General Capital Bond Anticipation Notes

Purpose	Final Maturity	Rate	Balance Dec. 31, 2022
Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	1/31/2023	1.50%	\$ 279,313.00
Fire Truck, Ambulance, Tractor	1/31/2023	1.50%	537,370.00
Total Debt Issued and Outstanding			<u>\$ 816,683.00</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2022, which is included as anticipated revenue in the Current Fund budget for the year ending December 31, 2023 is \$370,000.

Note 4: Local District School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Local District Tax has been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the current fund liabilities as follows:

	<u>Local School District Tax</u>	
	Balance 12/31/2021	Balance 12/31/2022
Taxes Payable	\$ 361,396.28	\$ 376,577.28
Deferred	1,658,374.00	1,658,374.00
Total	<u>\$ 2,019,770.28</u>	<u>\$ 2,034,951.28</u>
	<u>Regional High School District Tax</u>	
	Balance 12/31/2021	Balance 12/31/2022
Taxes Payable	\$ 819,668.09	\$ 933,944.79
Deferred	1,573,590.00	1,573,590.00
Total	<u>\$ 2,393,258.09</u>	<u>\$ 2,507,534.79</u>

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans

Township employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

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

Township contributions to PERS amounted to \$57,558 for 2022. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,363 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Pension Liabilities and Pension Expense

At June 30, 2022, the Township's liability was \$647,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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 members, actuarially determined. At June 30, 2022, the Township's proportion was 0.00429%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2021. The Township has rolled forward the net pension liability as of June 30, 2022 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2022, the Township recognized actual pension expense in the amount of \$57,558.

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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 a 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 upon 100% 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 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 collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

	June 30, 2022		
	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	\$ 832,084	\$ 647,684	\$ 490,752

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Accrued Sick and Vacation Benefits

The Franklin Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$13,504 at December 31, 2022. There is no reserve established for accrued sick time in the Other Trusts Fund. This amount is not reported either as an expenditure or a liability in this report.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000.00 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	2022	2021	2020
<u>Tax Rate</u>	\$ 3.169	\$ 3.069	\$ 3.002
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.319	\$ 0.311	\$ 0.295
Regional High School District	0.983	1.080	1.037
County	0.746	0.703	0.689
Local School District	1.121	0.975	0.981
<u>Assessed Valuations</u>			
2022	\$ 414,319,508.00		
2021		\$ 414,608,056.00	
2020			\$ 413,602,351.00

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2022	\$ 13,177,779.99	\$ 12,883,018.20	97.76%
2021	12,741,711.00	12,438,227.00	97.62%
2020	12,522,080.00	12,264,280.00	97.94%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
 (Continued)

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The Township's Policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

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 insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and

In addition, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
 (Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs 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. 1977, 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) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2022, cash and cash equivalents of the Franklin Township consisted of the following:

<u>Fund</u>	<u>Checking Accounts</u>	<u>Cash On Hand</u>	<u>Total</u>
Current	\$ 3,031,414.99	\$ 550.00	\$ 3,031,964.99
Animal Control	8,183.08		8,183.08
Other Trust	502,375.16		502,375.16
General Capital	162,284.25		162,284.25
	<u>\$ 3,704,257.48</u>	<u>\$ 550.00</u>	<u>\$ 3,704,807.48</u>

The carrying amount of the Township's cash and cash equivalents at December 31, 2022, was \$3,704,807.48 and the bank balance was \$3,865,291.58.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the State of New Jersey Health Benefits plan.

Property and Liability Insurance

The Franklin Township is a member of the Public Alliance Insurance Coverage Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing insurance for general liability, property and workers' compensation.

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment related to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 9: Risk Management (Cont'd)

Property and Liability Insurance (Cont'd)

Summarized financial information for the Fund as of December 31, 2022 is as follows:

	<u>Public Alliance Insurance Coverage Fund</u>
Total Assets	<u>\$ 19,596,510.00</u>
Net Position	<u>\$ 12,106,472.00</u>
Total Revenue	<u>\$ 5,135,620.00</u>
Total Expenses	<u>\$ 6,916,133.00</u>
Change in Net Position	<u>\$ (1,780,513.00)</u>
Member Dividends	<u>\$ -0-</u>

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Fund Administrator
51 Everett Drive, Suite B40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 394,328.95	\$ 529,312.15
Federal and State Grant Fund	409,520.67	
Animal Control Trust Fund		2,669.08
Other Trust Funds	125,990.16	49,870.54
General Capital Fund		347,988.01
	<u>\$ 929,839.78</u>	<u>\$ 929,839.78</u>

The interfund receivable in the Federal and State Grant Fund is for grant receipts deposited in the Current Fund, appropriated reserves disbursed from the Current Fund, and additional contracted costs from the General Capital Fund. The interfund receivable in the Other Trust Funds is for current year activities in the Current Fund including third party liens, tax sale premiums and POAA. The interfund payable in Animal Control Trust Fund is due to Current Fund for the statutory excess at year end. The interfund payable in General Capital Fund is cash paid in by the Current Fund on behalf of Capital Fund.

Note 11: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

FRANKLIN TOWNSHIP

SUPPLEMENTARY DATA

FRANKLIN TOWNSHIP
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2022

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Michael Toretta	Mayor		
David Guth	Deputy Mayor		
Bonnie Butler	Committeeperson		
Rich Herzer	Committeeperson		
Mike Ferri	Committeeperson		
Kathleen Reinalda	Chief Financial Officer (To April 30, 2023)	*	
Judith Curran	Chief Financial Officer (From May 1, 2023)	*	
Denise L. Becton	Township Clerk/Dog Licensing Official/Open Space/Ag. Advisory Secretary (effective 7/5/2023)	*	
Karin Kneafsey	Tax Collector; Tax Search Officer (To March 31, 2023)	\$ 1,000,000.00	MCMJIF/MELJIF
Cameron Keng	Tax Collector; Tax Search Officer (From April 1, 2023)	\$ 1,000,000.00	MCMJIF/MELJIF
Kevin Benbrook	Township Attorney		
Nicole Lenar	Magistrate		
Tara Caffarelli	Court Administrator		
Kelley D. Smith	Land Use Board Secretary	\$ 950,000.00	MCMJIF/MELJIF
Craig Brotons	Township Assessor		
James Onembo	Zoning Officer	*	
Robert Lagonera	Animal Control Officer	*	

All bonds were examined and were properly executed.

* All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
CURRENT FUND

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 3,047,671.07
Increased by Receipts:		
Tax Collector	\$ 13,452,514.05	
Miscellaneous Revenue Not Anticipated	70,470.51	
Revenue Accounts Receivable	303,409.20	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	20,000.00	
Marriage License Fees	125.00	
Appropriation Refunds	10,888.08	
Due General Capital Fund - BAN Premium	2,222.00	
Due Other Trust Funds:		
POAA Reserve	4.00	
Reserve for Municipal Property Tax Relief	13,332.62	
Due Federal and State Grant Fund:		
Unappropriated Grant Reserves	172,363.14	
	<hr/>	14,045,328.60
		<hr/>
		17,092,999.67
Decreased by Disbursements:		
2022 Appropriations	1,780,507.32	
2021 Appropriation Reserves	67,213.12	
Refund of Tax Overpayments	9,232.23	
County Taxes	3,092,694.21	
Local School District Taxes	4,054,715.00	
Regional High School Taxes	4,529,624.30	
Due State of NJ - Marriage License Fees	225.00	
Due General Capital Fund:		
Interfund Advanced - Improvement Authorizations	343,995.75	
Due Other Trust Funds:		
Refund of Tax Sale Premiums	73,100.00	
Third Party Tax Title Lien Redemptions	96,993.84	
Due Open Space Trust - Expended in Current Fund	7,378.78	
Due Federal and State Grant Fund:		
Appropriated Grant Fund Expenditures	5,905.13	
	<hr/>	14,061,584.68
		<hr/>
Balance December 31, 2022	A	\$ 3,031,414.99
		<hr/> <hr/>

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2022

Increased by Receipts:

Interest and Costs on Taxes	\$ 92,649.74
Taxes Receivable	13,036,511.75
Miscellaneous	488.90
2023 Prepaid Taxes	69,663.95
Tax Overpayments	45,656.17
Tax Title Liens	39,549.70
Tax Sale Premiums	71,000.00
Third-Party Lien Redemptions	96,993.84
	<hr/> 13,452,514.05

Decreased by:

Amount Turned Over to Treasurer	<u>\$ 13,452,514.05</u>
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FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

FRANKLIN TOWNSHIP
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2021	Added Taxes	Collections		Tax Over- payments Applied	Senior Citizen & Veteran Deductions	Transferred to Tax Title Liens	Balance Dec. 31, 2022
			2021	2022				
2013	\$ 59.00							\$ 59.00
2014	1,451.00							1,451.00
2016	1,763.00							1,763.00
2019	627.00							627.00
2020	97.02		\$ 97.02					
2021	246,199.17			244,820.77			\$ 1,378.40	
	250,196.19			244,917.79			1,378.40	3,900.00
2022		\$ 9,192.22	\$ 65,481.76	12,791,593.96	\$ 6,942.48	\$ 19,000.00	29,459.06	274,494.95
Total	\$ 250,196.19	\$ 9,192.22	\$ 65,481.76	\$ 13,036,511.75	\$ 6,942.48	\$ 19,000.00	\$ 30,837.46	\$ 278,394.95

Ref. A

Analysis of 2022 Property Tax Levy

Tax Yield:

General Purpose Tax
Added, Omitted and Rollback Taxes

\$ 13,127,621.56
50,158.43
\$ 13,177,779.99

Tax Levy:

Local School District Taxes
Regional High School District Taxes
County Taxes
County Open Space Taxes
County Added & Omitted Taxes

\$ 4,069,896.00
4,643,901.00
\$ 2,997,861.51
90,829.08
11,592.63
3,100,283.22
11,814,080.22

Local Tax for Municipal Purposes
Add: Additional Tax Levied

1,325,133.97
38,565.80
1,363,699.77
\$ 13,177,779.99

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 202,509.78
Increased by:		
Transfer from Taxes Receivable		\$ 30,837.46
Adjustment		137,104.80
		167,942.26
		370,452.04
Decreased by:		
Redeemed		39,549.70
		39,549.70
Balance December 31, 2022	A	\$ 330,902.34

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Accrued In	Collected by	
	2022	Collector	Treasurer
Clerk:			
Licenses:			
Alcoholic Beverage	\$ 2,326.20		\$ 2,326.20
Other	6,055.00		6,055.00
Interest and Costs on Taxes	92,649.74	\$ 92,649.74	
Interest on Investments and Deposits	338.00		338.00
Energy Receipts Taxes	255,591.00		255,591.00
Vacant Property Registration Fees	4,000.00		4,000.00
Garden State Preservation Trust Fund	5,099.00		5,099.00
Open Space Trust Fund - Maintenance of Open Space	30,000.00		30,000.00
	<u>\$ 396,058.94</u>	<u>\$ 92,649.74</u>	<u>\$ 303,409.20</u>

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	Balance Dec. 31, 2021	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Department of Administration:				
Other Expenses	\$ 549.42	\$ 1,056.42	\$ 1,055.49	\$ 0.93
Division of Human Resources:				
Other Expenses	1,000.00	1,000.00		1,000.00
Office of the Mayor:				
Salaries and Wages	432.00	432.00		432.00
Other Expenses	500.00	500.00		500.00
Clerk's Office:				
Salaries and Wages	77.65	77.65		77.65
Financial Administration:				
Salaries and Wages	1.28	1.28		1.28
Other Expenses	0.62	526.62	526.43	0.19
Collection of Taxes:				
Salaries and Wages	1.08	1.08		1.08
Other Expenses	152.15	152.15	116.62	35.53
Assessment of Taxes:				
Salaries and Wages	0.96	0.96		0.96
Other Expenses	615.20	615.20		615.20
Legal Services and Costs:				
Miscellaneous Other Expenses	172.03	16,172.03	13,752.00	2,420.03
Engineering Services and Costs:				
Other Expenses	11,765.00	3,765.00	3,063.75	701.25
Historical Sites Office:				
Other Expenses	2,500.00	2,500.00		2,500.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Salaries and Wages	1.16	1.16		1.16
Other Expenses	11,279.70	2,246.70	1,918.25	328.45
Zoning Board of Adjustment:				
Salaries and Wages	1.00	1.00		1.00
Other Expenses	507.31	507.31	127.60	379.71
PUBLIC SAFETY:				
Office of Emergency Management:				
Salaries and Wages	27.08	27.08		27.08
Other Expenses	700.00	700.00		700.00
Fire Department:				
Other Expense	10,649.00	10,649.00	2,743.28	7,905.72

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Balance Dec. 31, 2021	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS:				
Streets and Roads Maintenance:				
Salaries and Wages	\$ 16,233.77	\$ 16,233.77		\$ 16,233.77
Other Expenses	67,375.91	67,375.91	\$ 36,788.06	30,587.85
Building and Grounds:				
Other Expenses	5,070.47	5,070.47	3,635.24	1,435.23
Solid Waste Collections:				
Salaries and Wages	1.00	1.00		1.00
HEALTH AND HUMAN SERVICES:				
Animal Control Services:				
Other Expenses	1.08	1.08		1.08
PARKS AND RECREATION FUNCTIONS:				
Recreation Services:				
Other Expenses	3,117.64	3,117.64	70.00	3,047.64
UTILITY EXPENSE AND BULK PURCHASES:				
Electricity	4,933.15	4,933.15	781.64	4,151.51
Street Lighting	5,469.87	5,469.87	1,539.68	3,930.19
Gasoline	11,104.07	11,104.07	1,095.08	10,008.99
Insurance:				
General Liability	1.00	1.00		1.00
Employee Group Health	6,320.07	6,320.07		6,320.07
STATUTORY EXPENDITURES:				
Contribution to:				
Defined Contribution Retirement Program (DCRP)	1.00	1.00		1.00
Social Security System (O.A.S.I.)	532.33	532.33		532.33
	<u>\$ 161,094.00</u>	<u>\$ 161,094.00</u>	<u>\$ 67,213.12</u>	<u>\$ 93,880.88</u>

Analysis of Balance December 31, 2021

	<u>Ref.</u>
Unencumbered	A \$ 159,475.00
Encumbered	A 1,619.00
	<u>\$ 161,094.00</u>

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2021:	
Local School District Tax Payable	\$ 361,396.28
Local School District Tax Deferred	1,658,374.00
	<u>2,019,770.28</u>
Increased by:	
Levy - School Year July 1, 2022 through June 2023	4,069,896.00
	<u>6,089,666.28</u>
Decreased by:	
Payments to School District	4,054,715.00
	<u>4,054,715.00</u>
Balance December 31, 2022:	
Local School District Tax Payable	376,577.28
Local School District Tax Deferred	1,658,374.00
	<u>2,034,951.28</u>
	<u><u>\$ 2,034,951.28</u></u>

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

Balance December 31, 2021:	
Regional School District Tax Payable	\$ 819,668.09
Regional School District Tax Deferred	1,573,590.00
	<u>2,393,258.09</u>
Increased by:	
Levy - School Year July 1, 2022 through June 2023	4,643,901.00
	<u>7,037,159.09</u>
Decreased by:	
Payments to Regional High School District	4,529,624.30
	<u>4,529,624.30</u>
Balance December 31, 2022:	
Regional School District Tax Payable	933,944.79
Regional School District Tax Deferred	1,573,590.00
	<u>2,507,534.79</u>
	<u><u>\$ 2,507,534.79</u></u>

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
ANALYSIS OF GRANT RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>2022 Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Transfer</u> <u>from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
NJ Department of Transportation - Millbrook Road Section 1	\$ 136,700.00	\$ 87,600.00		\$ 224,300.00
Clean Communities Grant		18,355.19	\$ 18,355.19	
Recycling Tonnage Grant		923.97	923.97	
	<u>\$ 136,700.00</u>	<u>\$ 106,879.16</u>	<u>\$ 19,279.16</u>	<u>\$ 224,300.00</u>
<u>Ref.</u>	A			A

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF APPROPRIATED GRANT RESERVES

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Transferred from</u> <u>2022 Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Clean Communities Grant	\$ 14,057.92	\$ 18,355.19	\$ 3,519.33	\$ 28,893.78
Recycling Tonnage Grant	5,889.73	923.97	2,385.80	4,427.90
NJ Department of Transportation - Maple Avenue	38,095.00			38,095.00
NJ Department of Transportation - Millbrook Road Section 1	136,700.00	87,600.00		224,300.00
Municipal Alliance - Local Share	<u>7,482.00</u>			<u>7,482.00</u>
	<u>\$ 202,224.65</u>	<u>\$ 106,879.16</u>	<u>\$ 5,905.13</u>	<u>\$ 303,198.68</u>
<u>Ref.</u>	A			A

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2021	Cash Received	Revenue Realized	Balance Dec. 31, 2022
Clean Communities Grant	\$ 18,355.19	\$ 13,097.53	\$ 18,355.19	\$ 13,097.53
Recycling Grant	923.97	1,006.75	923.97	1,006.75
American Rescue Plan	158,258.85	158,258.86		316,517.71
	<u>\$ 177,538.01</u>	<u>\$ 172,363.14</u>	<u>\$ 19,279.16</u>	<u>\$ 330,621.99</u>
<u>Ref.</u>	A			A

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
TRUST FUNDS

FRANKLIN TOWNSHIP
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2021	\$ 7,622.73	\$ 501,015.97
Increased by Receipts:		
Animal Control Collector	\$ 3,672.07	
Due to State of New Jersey	468.00	
Miscellaneous Fees	954.00	
Due Current Fund:		
Interest Earned	0.97	
Open Space Trust Fund:		
Interest Earned		\$ 45.07
Planning Board Escrow		27,335.82
Recreation General Activities		31,358.72
Council on Affordable Housing		0.03
	5,095.04	58,739.64
	12,717.77	559,755.61
Decreased by Disbursements:		
Expenditures Under R.S. 4:19 - 15.11	4,066.69	
Due (to)/from State of New Jersey	468.00	
Open Space Trust Fund Expenditures		30,000.00
Recreation General Activities		27,380.46
	4,534.69	57,380.46
Balance December 31, 2022	\$ 8,183.08	\$ 502,375.15

FRANKLIN TOWNSHIP
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 7,622.57
Increased by:		
Dog License Fees Collected		\$ 3,672.07
Recovery, Late and Other Fees		954.00
		4,626.07
		12,248.64
Decreased by:		
Due Current Fund - Statutory Excess		2,667.95
Expenditures Under R.S. 4:19-15.11		4,066.69
		6,734.64
Balance December 31, 2022	B	\$ 5,514.00

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 2,882.00
2021	2,632.00
	5,514.00
Maximum Allowable Reserve	\$ 5,514.00

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2022
GENERAL CAPITAL FUND

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 154,206.44
Increased by:		
Budget Appropriation:		
Capital Improvement Fund		\$ 50,000.00
Payment of Bond Anticipation Notes		363,750.00
Bond Anticipation Notes Issued		816,683.00
Due Current Fund:		
Interest on Investments		14.31
		1,230,447.31
		1,384,653.75
Decreased by:		
Improvement Authorizations		41,936.50
Bond Anticipation Notes Matured		1,180,433.00
		1,222,369.50
Balance December 31, 2022	C	\$ 162,284.25

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2021	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2022
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	From	To		
Fund Balance	\$ 8,314.45									\$ 10,536.45
Capital Improvement Fund	97,465.13		\$ 50,000.00		\$ 170,000.00				\$ 2,222.00	\$ 81,412.70
State of New Jersey Grants Receivable:										
Department of Transportation	(19,560.00)									(19,560.00)
Due Current Fund	1.27			\$ 14.31						341,789.33
Due Federal and State Grant Fund	6,198.68									6,198.68
Reserve:										
To Pay Debt Service	1,956.50								20,077.41	20,077.41
For Encumbrances	30,000.00							1,956.50		30,000.00
For Recreation Equipment										
Ord. No.	Improvement Description									
10-10	Paving, Fire Pumper, Township Building Improvements									
N/A	Mountain View Road									
15-8;	Road Improvements and Resurfacing,									
16-3	Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement									
18-5	17,892.57	\$ 279,313.00	225,355.00		504,668.00	\$ 2,832.50				15,060.07
20-5	20,077.41	537,370.00	88,395.00		625,765.00		20,077.41			
20-08	IT/Phone Upgrades									
	Montana Road 1 & 2 Improvement Project									
21-07	1,346.32							1,346.32		
	102,601.25							102,601.25		
21-08	37,147.50					37,147.50				
22-8	Montana Road Retaining Wall									
22-9	Ordinance 2022-8: Water Line									
	Ordinance 2022-9: Shurts Road									
	\$ 154,206.44	\$ 816,683.00	\$ 413,750.00	\$ 14.31	\$ 1,180,433.00	\$ 41,936.50	\$ 642,199.23	\$ 642,199.23	\$ 642,199.23	\$ 162,284.25

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2022	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
N/A	Mountain View Road	\$ 149,234.64			\$ 149,234.64		\$ 134,174.57	\$ 15,060.07
10-10	Paving Fire Pumper, Township Improvements	50,000.00	\$ 50,000.00					
15-8; 16-3	Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	504,668.00		225,355.00	279,313.00	\$ 279,313.00		
18-5	Ambulance/Fire/Tractor	625,765.00		88,395.00	537,370.00	537,370.00		
22-8	Water Line Improvements		\$ 2,850,000.00		2,850,000.00			2,850,000.00
22-9	Shurts Rd. Improvements		380,000.00		380,000.00		306,763.25	73,236.75
		<u>\$ 1,329,667.64</u>	<u>\$ 3,230,000.00</u>	<u>\$ 363,750.00</u>	<u>\$ 4,195,917.64</u>	<u>\$ 816,683.00</u>	<u>\$ 440,937.82</u>	<u>\$ 2,938,296.82</u>

Ref.

C

C

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance December 31, 2021		2022 Authorizations		Cancellation of Prior Year Encumbrances	Balance December 31, 2022	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Taxation - Unfunded		Paid or Charged	Authorization Cancelled
15-8;	Road Improvements and Resurfacing, Fire Truck, Dump	11/02/15	\$ 998,000.00		\$ 17,892.57		\$ 2,832.50		\$ 15,060.07	
16-3	Truck, Roller, Salt Shed, Windows Replacement	06/04/18	941,000.00		20,077.41					
18-5	Ambulance/Fire/Tractor	03/02/20	30,000.00				1,956.50	\$ 1,956.50		
20-5	IT/Phone Upgrades	10/05/20	140,000.00		\$ 1,346.32					
20-08	Montana Road 1 & 2 Improvement Project	07/12/21	108,000.00		102,601.25					
21-07	Millbrook Road Project	09/13/21	40,000.00		37,147.50		37,147.50			
21-08	Montana Road Retaining Wall	07/11/22	3,000,000.00			\$ 150,000.00	\$ 2,850,000.00		\$ 132,767.50	2,850,000.00
22-8	Water Line Improvements					20,000.00	380,000.00			73,236.75
22-9	Shurts Road Improvements	08/22/22	400,000.00							
				<u>Ref.</u>	\$ 141,095.07	\$ 37,969.98	\$ 385,932.25	\$ 1,956.50	\$ 132,767.50	\$ 2,938,296.82
					C	C			C	C
					Cash Disbursed		\$ 41,936.50			
					Due to Current Fund		343,995.75			
							\$ 385,932.25			
					Reserve to Pay Debt Service		\$ 20,077.41			
					Capital Improvement Fund		103,947.57			
							\$124,024.98			

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 97,465.13
Increased by:		
Improvement Authorizations Cancelled		\$ 103,947.57
Budget Appropriation		50,000.00
		153,947.57
		251,412.70
Decreased by:		
Appropriation to Finance Improvement Authorizations		170,000.00
		170,000.00
Balance December 31, 2022	C	\$ 81,412.70

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022 Improvement Authorizations	Balance Dec. 31, 2022
N/A	Mountain View Road	\$ 149,234.64		\$ 149,234.64
22-8	Water Line Improvements		\$ 2,850,000.00	2,850,000.00
22-9	Shurts Road Improvements		380,000.00	380,000.00
		<u>\$ 149,234.64</u>	<u>\$ 3,230,000.00</u>	<u>\$ 3,379,234.64</u>

FRANKLIN TOWNSHIP

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2022

FRANKLIN TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Funding Department	Federal Program	Assistance Listing Number	Pass Through Entity ID	Grant Period		Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
US Department of Homeland Security: (Pass Through N.J Dept of Law and Public Safety)	F.E.M.A. Tropical Storm Isaias	97.036	100-066-1200- C80-066290	8/5/20	12/31/20	\$ 4,672.90	\$ 4,672.90	\$ 4,672.90 *	\$ 4,672.90 *	
	Total U.S. Department of Homeland Security					4,672.90	4,672.90	4,672.90	4,672.90	
U.S. Department of Treasury: (Passed through the New Jersey Department of Community Affairs)	COVID-19 - Coronavirus State and Local Government Fiscal Recovery Funds	21.027	100-021-8030- 687-046010	03/03/21	12/31/24	316,517.72	158,258.86			
	Total Department of Treasury						158,258.86	-0-	-0-	
	TOTAL FEDERAL AWARDS					\$162,931.76	\$ 4,672.90	\$ 4,672.90	\$ 4,672.90	\$ -0-

* - Expenditures made in a prior year

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FRANKLIN TOWNSHIP
SCHEDULES OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

State Funding Department	State Program	State Grant Account Number	Grant Period		Grant Award Amount	Grant Receipts	Grant Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection:	Clean Communities Program	765-042-4900	01/01/20	12/31/23	\$ 14,058.00	\$ 13,097.53	\$ 3,519.33	\$ 3,519.22
		004-178910	01/01/22	12/31/23	13,097.53			
Total Department of Environmental Protection	Recycling Tonnage Grant	100-042-4910	01/01/18	12/31/23	8,571.00		2,385.80	7,623.07
		224-238490	01/01/22	12/31/23	1,006.75	1,006.75		
					14,104.28	5,905.13	11,142.29	
TOTAL STATE AWARDS					\$ 14,104.28	\$ 5,905.13	\$ 11,142.29	

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FRANKLIN TOWNSHIP
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

Note 1. GENERAL

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Franklin Township under programs of the federal and state governments for the year ended December 31, 2022. The information in these schedules 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 for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. BASIS OF PRESENTATION

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

The Honorable Mayor and Members
of the Township Committee
Franklin Township, Warren County
Franklin, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of Franklin Township (Warren), in the County of Warren (the "Township") as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated June 23, 2023. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2022-001, that we consider to be a significant deficiency.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of 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*.

The Township's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

June 23, 2023
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney
John J. Mooney
Registered Municipal Accountant No. 560
Certified Public Accountant

FRANKLIN TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2022 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2022-001 Segregation of Duties:

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; recording of collections; and processing of payroll. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds and the review of the quarterly payroll reports are performed by the Chief Financial Officer.

Cause

This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

FRANKLIN TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America: (Cont'd)

Finding 2022-001 Segregation of Duties: (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

FRANKLIN TOWNSHIP
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Township's prior year finding (2021-001) regarding timely Collector deposits and Collector's cash book reconciliations during the current year was resolved.

FRANKLIN TOWNSHIP

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. 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.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids 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."

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2022, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54-4-67 has been amended to permit the fixing of said rates of 8% per annum on the first \$1,500.00, 18% per annum on any amount of taxes in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Township Committee of the Township of Franklin, County of Warren, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st an additional penalty of 6% shall be charged against the delinquency.
2. Effective January 1, 2022, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.
4. This Resolution shall be published in its entirety in the Express Times-NJ Zone, the official newspaper of the Township of Franklin.
5. A certified copy of this Resolution be provided by the Township Clerk to the Tax Collector, Township Attorney and Township Auditor for the Township of Franklin."

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 16, 2022 and included all items which were eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2022	20
2021	20
2020	19

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2022 and 2023 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting system.
3. Fixed asset accounting and reporting system.

The Township is in compliance with requirements one and two.

Fixed Assets Appraisal Report

During our review of fixed assets, it was noted that an updated appraisal has not been completed for several years. It is recommended that the Township has an updated fixed asset appraisal performed.

Management's Response

The Township will review the need for a fixed asset reappraisal.

Interfund Balances at Year End

Throughout the testing of funds, it was found that there were material interfund balances which existed at year end. It is recommended that all interfunds be liquidated and every effort is made to avoid or limit interfund transactions.

Management's Response

Interfunds will be liquidated prior to the end of the year.

Payroll Testing

During our review of payroll records, it was noted that Net Payroll and Payroll Agency bank reconciliations were not completed, and payroll timesheets and health deduction calculations were not readily available. It is recommended that payroll account bank reconciliations are completed, and payroll records are maintained and readily available.

Management's Response

Payroll account bank reconciliations will be completed, and payroll records will be maintained in the future.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Reconciling Items

During our review of bank reconciliations, it was noted that there were several old reconciling items on bank reconciliation. It is recommended that reconciling items be reviewed for collection or cancelled after six months.

Management's Response

Reconciling items on bank reconciliations will be reviewed or cancelled.

Municipal Court

The Township has a Joint Court Agreement with the Town of Belvidere to provide Municipal Court Services on behalf of Franklin Township. The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township Magistrate under separate cover. Reflected below is a summary of Receipts and Disbursements for the year ended December 31, 2022:

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Municipal Treasurer:				
Fines and Costs		\$ 8,890.58	\$ 8,398.16	\$ 492.42
State Treasurer	\$ 3,732.35	29,723.52	31,289.76	2,166.11
Miscellaneous		429.00	429.00	
Bail	50.00	900.00	950.00	
	<u>\$ 3,782.35</u>	<u>\$ 39,943.10</u>	<u>\$ 41,066.92</u>	<u>\$ 2,658.53</u>

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, is effective for the year ended December 31, 2023. This statement addresses issues related to public-private and public-public partnership agreements (PPP's). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA's). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset or a period of time.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA's), is effective for the year ended December 31, 2023. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor) information technology software, alone or in combination with tangible capital assets as specified in the related contract for a period of time. It is likely that a SBITA software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions (Cont'd)

COVID-19 Federal Funding

It is possible that the Township will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Township ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Township ensures that these funds are separately accounted for in the Township's accounting records and that any applicable Township policies are current with respect to federal grant requirements. Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

County Taxes Payable

During our review, it was noted that there was a balance for county taxes payable at the end of 2022 and 2021. It is suggested that the balance be liquidated at the end of the year.

Unfunded Capital Ordinance

During our review of the General Capital Fund, it was noted that an unfunded ordinance from several years ago has not been funded. It is suggested that all unfunded General Capital ordinances are funded within a reasonable time frame.

Status of Prior Year Recommendations

The recommendation regarding various differences between the Collector's tax system cash book and the bank deposits was resolved in the current year.

FRANKLIN TOWNSHIP
SUMMARY OF RECOMMENDATIONS

It is recommended that:

- 1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
- 2. The Township has an updated fixed asset appraisal performed.
- 3. All interfunds be liquidated and every effort is made to avoid or limit interfund transactions.
- 4. Payroll account bank reconciliations are completed, and payroll records are maintained and readily available.
- 5. Reconciling items be reviewed for collection or cancelled after six months.

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