

*TOWNSHIP OF FRANKFORD*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2021*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF FRANKFORD

COUNTY OF SUSSEX

REPORT OF AUDIT

2021

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TOWNSHIP OF FRANKFORD

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Council  
Township of Frankford  
Frankford, 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 the Township of Frankford, in the County of Sussex (the "Township") as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

#### ***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 and account group of the Township as of December 31, 2021, 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, 2021, or the changes in financial position thereof for the year then ended.

#### ***Basis for Opinions***

We conducted our audits 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.

#### ***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 State 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 of Frankford as of December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on June 16, 2021.

### ***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 and *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 and *Government Auditing Standards* and audit requirements prescribed by the Division, we:

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

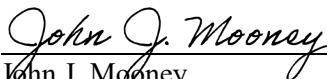
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022 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  
April 11, 2022

  
NISIVOCIA LLP

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



TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
CURRENT FUND

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 2,954,676.71	\$ 2,246,569.19
Petty Cash		275.00	275.00
		<u>2,954,951.71</u>	<u>2,246,844.19</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	107,438.67	152,231.99
Tax Title Liens Receivable	A-7	50,912.03	323,770.57
Property Acquired for Taxes at Assessed Valuation		1,206,300.00	938,000.00
Revenue Accounts Receivable	A-8	810.28	
		<u>1,365,460.98</u>	<u>1,414,002.56</u>
Deferred Charges:			
Special Emergency Authorization	A-3	25,000.00	
		<u>25,000.00</u>	
Total Deferred Charges		<u>25,000.00</u>	
Total Regular Fund		<u>4,345,412.69</u>	<u>3,660,846.75</u>
Federal and State Grant Fund:			
Due from Current Fund	A	330,610.29	70,672.82
		<u>330,610.29</u>	<u>70,672.82</u>
Total Federal and State Grant Fund		<u>330,610.29</u>	<u>70,672.82</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,676,022.98</u>	<u>\$ 3,731,519.57</u>

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 275,207.14	\$ 262,442.29
Encumbered	A-3;A-9	90,366.63	49,082.68
Total Appropriation Reserves		365,573.77	311,524.97
Prepaid Taxes		359,288.02	305,408.22
Tax Overpayments		3,271.55	24,499.32
County Taxes Payable		10,981.62	15,946.69
Due to Federal and State Grant Fund	A	330,610.29	70,672.82
Due to Other Trust Fund - Municipal Open Space Tax	B		7.50
Due to Other Trust Fund - Accumulated Sick Leave	B	25,000.00	
Accounts Payable - Vendors		4,112.00	1,263.00
Due to State of New Jersey:			
Senior Citizens' and Veteran's Deductions		44,075.34	41,575.34
Marriage License Fees		50.00	25.00
Reserve for Master Plan		25,000.00	
Reserve for Pending Tax Appeals		15,000.00	
		1,182,962.59	770,922.86
Reserve for Receivables and Other Assets	A	1,365,460.98	1,414,002.56
Fund Balance	A-1	1,796,989.12	1,475,921.33
Total Regular Fund		4,345,412.69	3,660,846.75
Federal and State Grant Fund:			
Appropriated Reserves	A-12	82,806.90	48,266.73
Unappropriated Reserves	A-13	245,639.19	21,671.09
Reserve for Encumbrances	A-12	2,164.20	735.00
Total Federal and State Grant Fund		330,610.29	70,672.82
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,676,022.98</u>	<u>\$ 3,731,519.57</u>

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

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

	Year Ended December 31,	
	2021	2020
	Ref.	
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 745,000.00	\$ 840,000.00
Miscellaneous Revenue Anticipated	843,192.73	691,871.25
Receipts from:		
Delinquent Taxes	173,213.71	136,446.70
Current Taxes	20,058,103.16	19,359,651.16
Nonbudget Revenue	576,663.92	262,298.71
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	222,834.43	274,447.41
Cancellation of Tax Overpayments	1,015.92	
Prior Year Accounts Payables Cancelled	1,263.00	
Tax Sale Premiums Escheated	11,500.00	
Other Accounts Receivable - Returned		41.14
Total Income	<u>22,632,786.87</u>	<u>21,564,756.37</u>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Municipal Purposes	4,214,692.38	4,064,971.20
Local District School Taxes	7,990,986.00	7,706,525.00
Regional High School Taxes	4,578,659.00	4,217,341.00
Municipal Open Space Levy	37,079.63	73,699.32
County Taxes	4,736,577.38	4,737,986.76
County Share of Added Taxes	10,981.62	15,946.69
Reserve for Pending Tax Appeals	15,000.00	
Refund of Prior Year Taxes	3,367.16	
Refund of Prior Year Revenue	4,375.91	
Total Expenditures	<u>21,591,719.08</u>	<u>20,816,469.97</u>
Excess in Revenue	1,041,067.79	748,286.40
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year:		
Special Emergency Authorization	25,000.00	
Statutory Excess to Fund Balance	<u>1,066,067.79</u>	<u>748,286.40</u>
<u>Fund Balance</u>		
Balance January 1	<u>1,475,921.33</u>	<u>1,567,634.93</u>
	2,541,989.12	2,315,921.33
Decreased by:		
Utilized as Anticipated Revenue	<u>745,000.00</u>	<u>840,000.00</u>
Balance December 31	A <u>\$ 1,796,989.12</u>	<u>\$ 1,475,921.33</u>

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

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	<u>\$ 745,000.00</u>		<u>\$ 745,000.00</u>	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	4,900.00		5,597.00	\$ 697.00
Other	2,700.00		5,893.00	3,193.00
Fees and Permits	30,000.00		58,805.00	28,805.00
Fines and Costs:				
Municipal Court	11,000.00		14,338.24	3,338.24
Interest and Costs on Taxes	38,000.00		47,720.54	9,720.54
Interest on Investments	5,000.00		6,987.45	1,987.45
Energy Receipts Tax	455,001.00		455,001.00	
Watershed Moratorium Offset Aid	13,066.00		13,066.00	
Garden State Preservation Trust Fund	10,729.00		16,522.00	5,793.00
Uniform Construction Code Fees	79,000.00		137,787.00	58,787.00
Recycling Tonnage Grant	4,804.41		4,804.41	
Clean Communities Program	21,671.09		21,671.09	
American Recovery Plan Grant		\$ 55,000.00	55,000.00	
Total Miscellaneous Revenue	<u>675,871.50</u>	<u>55,000.00</u>	<u>843,192.73</u>	<u>112,321.23</u>
Receipts from Delinquent Taxes	<u>145,000.00</u>		<u>173,213.71</u>	<u>28,213.71</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>2,834,201.10</u>		<u>2,938,275.82</u>	<u>104,074.72</u>
Budget Totals	<u>4,400,072.60</u>	<u>55,000.00</u>	<u>4,699,682.26</u>	<u>244,609.66</u>
Nonbudget Revenue			<u>576,663.92</u>	<u>576,663.92</u>
	<u>\$ 4,400,072.60</u>	<u>\$ 55,000.00</u>	<u>\$ 5,276,346.18</u>	<u>\$ 821,273.58</u>

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 20,058,103.16
Allocated to School and County Taxes	\$ 17,317,204.00	
Allocated to Municipal Open Space Tax Levy	37,079.63	

17,354,283.63

Balance for Support of Municipal Budget 2,703,819.53

Add: Appropriation "Reserve for Uncollected Taxes" 234,456.29

Realized for Support of Municipal Budget \$ 2,938,275.82

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 135,133.52
Tax Title Lien Collections	38,080.19

\$ 173,213.71

Analysis of Nonbudget Revenue:

Treasurer:

Vacant Property Registration	\$ 15,000.00
Clerk Fees	2,244.00
Administration Fee - Veterans and Senior Citizens Deductions	1,180.00
Cable Television Franchise Fee	19,016.00
Rents	17,106.00
Scrap Metal	1,520.00
CARES Act Reimbursement	10,731.00
Payment in Lieu of Taxes	9,752.20
Municipal Court Agreements	248,512.31
FEMA Reimbursement:	
Tropical Storm Isaias	4,827.75
NJ Severe Winter Storm and Snowstorm	67,899.69
Other Miscellaneous	289.86

\$ 398,078.81

Collector:

Tax Title Lien Settlement	178,585.11
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\$ 576,663.92

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

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee:					
Salaries & Wages	\$ 14,500.00	\$ 14,500.00	\$ 13,800.00	\$ 700.00	
Other Expenses	9,000.00	9,000.00	4,549.42	4,450.58	
Municipal Clerk:					
Salaries & Wages	157,000.00	157,000.00	139,507.26	17,492.74	
Other Expenses	15,500.00	14,909.75	10,042.75	4,867.00	
Codification of Municipal Ordinances	4,000.00	4,000.00	724.94	3,275.06	
Elections	6,000.00	6,590.25	6,590.25		
Financial Administration:					
Salaries & Wages	58,000.00	58,000.00	57,183.82	816.18	
Other Expenses	3,000.00	3,000.00	1,672.09	1,327.91	
Audit Services	33,000.00	33,000.00	12,725.00	20,275.00	
Computer Services and Office Equipment	40,000.00	40,000.00	39,768.59	231.41	
Assessment of Taxes:					
Salaries & Wages	41,000.00	41,000.00	40,304.00	696.00	
Other Expenses (Special Emergency Authorization - N.J.S.A.40A:4-55 + \$25,000)	5,500.00	30,500.00	29,596.00	904.00	
Collection of Taxes:					
Salaries & Wages	69,000.00	68,861.25	68,544.00	317.25	
Other Expenses	4,000.00	4,138.75	4,138.75		
Legal Services and Costs:					
Other Expenses	60,000.00	60,000.00	58,257.33	1,742.67	
Engineering Services and Costs:					
Other Expenses	12,000.00	12,000.00	7,428.63	4,571.37	
Economic Development:					
Other Expenses	300.00	300.00		300.00	

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
LAND USE ADMINISTRATION:					
Land Use Board					
Salaries & Wages	\$ 28,000.00	\$ 27,424.26	\$ 27,102.83	\$ 321.43	
Other Expenses	12,000.00	13,430.48	13,430.48		
Zoning Board of Adjustment:					
Salaries & Wages	42,000.00	42,000.00	41,503.00	497.00	
Other Expenses	3,000.00	3,000.00	1,218.17	1,781.83	
INSURANCE:					
General Liability	127,000.00	127,000.00	123,025.00	3,975.00	
Worker's Compensation	61,000.00	61,000.00	59,173.00	1,827.00	
Employee Group Health	300,000.00	300,000.00	246,233.48	53,766.52	
Health Benefit Waiver	15,000.00	15,000.00	11,609.96	3,390.04	
Insurance - Other	3,100.00	3,100.00	2,602.45	497.55	
PUBLIC SAFETY:					
Emergency Management System:					
Other Expenses	5,300.00	5,300.00	4,844.25	455.75	
Aid to Volunteer Fire Companies:					
Frankford Fire Department	156,000.00	156,000.00	156,000.00		
Branchville Fire Department	6,000.00	6,000.00	6,000.00		
Beemerville Fire Department	6,000.00	6,000.00	6,000.00		
First Aid Organization Contributions	60,000.00	60,000.00	50,087.00	9,913.00	
First Responders	2,500.00	2,500.00	2,500.00		
Municipal Prosecutor:					
Other Expenses	47,000.00	47,000.00	44,538.00	2,462.00	



TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
PUBLIC WORKS FUNCTIONS:					
Street and Road Maintenance:					
Salaries & Wages	\$ 540,000.00	\$ 535,845.26	\$ 497,540.61	\$ 38,304.65	
Other Expenses	245,000.00	245,000.00	198,995.00	46,005.00	
Oil and Stone	150,000.00	150,000.00	148,762.75	1,237.25	
Public Buildings and Grounds:					
Salaries & Wages	6,700.00	6,700.00	2,832.36	3,867.64	
Other Expenses	36,000.00	36,000.00	20,330.08	15,669.92	
Recycling:					
Salaries & Wages	7,900.00	7,900.00	7,371.93	528.07	
Snow Removal:					
Salaries & Wages	50,000.00	50,000.00	50,000.00		
Other Expenses	150,000.00	150,000.00	150,000.00		
Vehicle Maintenance:					
Other Expenses	50,000.00	50,000.00	47,731.83	2,268.17	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	5,700.00	5,700.00	5,525.00	175.00	
Other Expenses	1,000.00	1,000.00	683.58	316.42	
Animal Control:					
Other Expenses	5,000.00	8,300.00	8,096.02	203.98	
SCARC	1,500.00	1,500.00	1,500.00		
Senior Citizen Contribution	2,500.00	2,500.00	2,500.00		
PARKS AND RECREATION FUNCTIONS:					
Park Buildings and Grounds:					
Salaries & Wages	9,000.00	11,899.14	11,899.14		
Other Expenses	28,000.00	25,100.86	25,100.86		

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations - Within "CAPS" (continued)					
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	\$ 13,000.00	\$ 13,000.00	\$ 9,684.27	\$ 3,315.73	
Street Lighting	6,500.00	6,500.00	5,259.18	1,240.82	
Telephone	10,000.00	12,500.00	12,367.60	132.40	
Fuel Oil	13,500.00	11,000.00	9,064.42	1,935.58	
Gasoline	30,000.00	31,997.37	31,997.37		
SANITATION:					
Garbage and Trash Removal:					
Other Expenses	5,000.00	3,002.63	1,873.70	1,128.93	
UNCLASSIFIED:					
Accumulated Leave Compensation	12,500.00	12,500.00	12,500.00		
UNIFORM CONSTRUCTION CODE:					
Construction Code Official:					
Salaries & Wages	92,000.00	92,000.00	86,412.92	5,587.08	
Other Expenses	8,000.00	8,000.00	6,681.33	1,318.67	
Total Operations within "CAPS"	2,884,500.00	2,909,500.00	2,645,410.40	264,089.60	
Detail:					
Salaries & Wages	1,120,800.00	1,118,829.91	1,049,526.87	69,303.04	
Other Expenses	1,763,700.00	1,790,670.09	1,595,883.53	194,786.56	

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>STATUTORY EXPENDITURES:</b>					
Contribution to:					
Public Employees Retirement System	\$ 147,279.00	\$ 147,406.84	\$ 147,406.84		
Social Security (O.A.S.I)	95,000.00	94,872.16	94,872.16		
Unemployment Compensation Insurance	3,000.00	3,000.00	3,000.00		
Defined Contribution Retirement Program	110.00	110.00	107.90	\$ 2.10	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	245,389.00	245,389.00	245,386.90	2.10	
Total General Appropriations for Municipal Purposes Within "CAPS"	3,129,889.00	3,154,889.00	2,890,797.30	264,091.70	
Operations - Excluded from "CAPS"					
Shared Service Agreements:					
Municipal Court:					
Salaries and Wages	215,000.00	215,000.00	206,219.78	8,780.22	
Other Expenses	23,500.00	23,500.00	21,233.78	2,266.22	
Branchville - Sewer Agreement	30,000.00	30,000.00			\$ 30,000.00
911 System	15,400.00	15,400.00	15,332.00	68.00	
Total Other Operations - Excluded from "CAPS"	283,900.00	283,900.00	242,785.56	11,114.44	30,000.00
Public and Private Programs Offset by Revenue:					
Matching Funds for Grants	1.00	1.00		1.00	
Clean Communities Grant	21,671.09	21,671.09	21,671.09		
Municipal Alliance Program:					
Local Share	1,036.50	1,036.50	1,036.50		
Recycling Tonnage Grant	4,804.41	4,804.41	4,804.41		
American Rescue Plan Grant (NJSA 40A:4-87 + \$55,000.00 )		55,000.00	55,000.00		
Total Public and Private Programs Offset by Revenues	27,513.00	82,513.00	82,512.00	1.00	
Total Operations - Excluded from "CAPS"	311,413.00	366,413.00	325,297.56	11,115.44	30,000.00

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations - Excluded from "CAPS" (continued):					
Detail:					
Salaries & Wages	\$ 215,000.00	\$ 215,000.00	\$ 206,219.78	\$ 8,780.22	
Other Expenses	96,413.00	151,413.00	119,077.78	2,335.22	\$ 30,000.00
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	90,000.00	90,000.00	90,000.00		
Purchase of Road Department Equipment	105,000.00	105,000.00	105,000.00		
Improvements to Municipal Building	8,000.00	8,000.00	8,000.00		906.25
Purchase of High Road Radios - FD	35,000.00	35,000.00	34,093.75		
Total Capital Improvements Excluded from "CAPS"	238,000.00	238,000.00	237,093.75		906.25
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	470,000.00	470,000.00	470,000.00		
Interest on Notes	6,365.00	6,365.00	6,347.32		17.68
Green Acres Loan Repayments for Principal and Interest	9,949.31	9,949.31	9,949.31		
Total Municipal Debt Service - Excluded from "CAPS"	486,314.31	486,314.31	486,296.63		17.68
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,035,727.31	1,090,727.31	1,048,687.94	11,115.44	30,923.93
Subtotal General Appropriations	4,165,616.31	4,245,616.31	3,939,485.24	275,207.14	30,923.93
Reserve for Uncollected Taxes	234,456.29	234,456.29	234,456.29		
Total General Appropriations	\$ 4,400,072.60	\$ 4,480,072.60	4,173,941.53	\$ 275,207.14	\$ 30,923.93
Ref.				A	

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 4,400,072.60	
Added by:			
Special Emergency Appropriation (N.J.S.A 40A:4-55)		25,000.00	
N.J.S.A. 40A:4-87		55,000.00	
		<u>\$ 4,480,072.60</u>	
Cash Disbursed			\$ 3,811,473.56
Reserve for Uncollected Taxes			234,456.29
Reserve for Encumbrances	A		90,366.63
Due to Federal and State Grant Fund			81,475.50
Reserve for Master Plan			25,000.00
			<u>4,242,771.98</u>
Less: Refunds			68,830.45
			<u>\$ 4,173,941.53</u>

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

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
TRUST FUNDS

TOWNSHIP OF FRANKFORD  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-1	\$ 1,346.81	\$ 1,584.88
Deficit for Animal Control			
Trust Fund Expenditures		3,537.79	4,298.52
Due from State of New Jersey			25.20
		<u>4,884.60</u>	<u>5,908.60</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	1,682,028.66	1,655,608.61
Due from Current Fund	A	<u>25,000.00</u>	<u>7.50</u>
		<u>1,707,028.66</u>	<u>1,655,616.11</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,711,913.26</u>	<u>\$ 1,661,524.71</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State of New Jersey		\$ 114.60	
Prepaid Licenses		<u>4,770.00</u>	<u>\$ 5,908.60</u>
		<u>4,884.60</u>	<u>5,908.60</u>
Other Trust Funds:			
Reserve for:			
Escrow Deposits		94,405.00	82,672.28
Security Deposits		40,326.59	51,178.18
Unemployment Compensation Insurance		32,168.87	30,719.00
Municipal Alliance Program		10,196.88	13,917.39
Open Space		462,159.78	440,264.95
Tax Sale Premiums		68,900.00	103,900.00
P.O.A.A.		15.00	13.00
Small Cities		63,817.12	63,817.12
Performance Bonds		30,253.73	30,253.73
Accumulated Sick Leave		142,608.43	105,108.43
Public Defender		18,500.00	17,390.00
Housing Trust		429,474.81	391,635.43
Fire Safety		35,766.78	53,986.92
Outside Liens		12,068.36	30,500.15
Storm Recovery		<u>266,367.31</u>	<u>240,259.53</u>
Total Other Trust Funds		<u>1,707,028.66</u>	<u>1,655,616.11</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,711,913.26</u>	<u>\$ 1,661,524.71</u>

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

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
GENERAL CAPITAL FUND



TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 293,209.36	\$ 334,870.19
FEMA Grant Receivable		12,835.00	108,000.00
NJ Department of Transportation Grant Receivable		66,286.75	
Deferred Charges to Future Taxation:			
Funded		55,990.13	64,688.91
Unfunded	C-4	<u>605,000.00</u>	<u>670,000.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,033,321.24</u>	<u>\$ 1,177,559.10</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 200,000.00	\$ 670,000.00
Green Trust Loan Payable	C-8	55,990.13	64,688.91
Improvement Authorizations:			
Funded	C-5	68,038.62	29,911.84
Unfunded	C-5	4,177.89	40,653.93
Capital Improvement Fund	C-6	61,623.43	6,623.43
Reserve for Road Equipment Purchases		97,952.65	4,132.65
Reserve for Municipal Facilities Improvement		30,245.50	22,245.50
Reserve for Roads		22,141.51	42,141.51
Reserve for Roads - Land Use Board		12,104.63	12,104.63
Reserve for Improvements to Parks		475.78	475.78
Reserve for Encumbrances		430,421.62	266,826.67
Fund Balance	C-1	<u>50,149.48</u>	<u>17,754.25</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,033,321.24</u>	<u>\$ 1,177,559.10</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 17,754.25
Increased by:		
Cancellation of Improvement Authorizations		<u>32,395.23</u>
Balance December 31, 2021	C	<u>\$ 50,149.48</u>

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

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2021	2020
<u>ASSETS</u>		
Land	\$ 3,257,700.00	\$ 3,372,700.00
Buildings and Improvements	1,018,800.00	1,085,100.00
Machinery and Equipment	3,358,041.00	3,076,999.00
<u>TOTAL ASSETS</u>	<u>\$ 7,634,541.00</u>	<u>\$ 7,534,799.00</u>
<u>RESERVES</u>		
Investment in General Fixed Assets	\$ 7,634,541.00	\$ 7,534,799.00
<u>TOTAL RESERVES</u>	<u>\$ 7,634,541.00</u>	<u>\$ 7,534,799.00</u>

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

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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 the Township of Frankford 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, the Township of Frankford 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.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

B. Description of Funds (Cont'd)

General Fixed Assets Account Group - Estimated value of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

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.

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 awarded; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Township's net pension liability, net OPEB liability, and related deferred inflows and outflows would be recorded.

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

1. Accumulated unpaid vacation, sick pay and other employee 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 Funds.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

D. Deferred Charges to Future Taxation – The General 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 that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.

E. Other significant accounting policies include:

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.

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.

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

General Fixed Assets - General fixed assets are recorded at cost except for land, which is recorded at 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 an "Investment in General 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 the General Capital Fund. The values recorded in the General Fixed Assets Account Group and the Current Fund 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.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for Current operating, and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are 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 and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2021	2020	2019
<u>Issued</u>			
General:			
Bonds and Notes	\$ 200,000.00	\$ 670,000.00	\$ 1,220,000.00
Loans Payable	55,990.13	64,688.91	73,216.32
Net Debt Issued	<u>255,990.13</u>	<u>734,688.91</u>	<u>1,293,216.32</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	405,000.00		76,500.00
Total Authorized but not Issued	<u>405,000.00</u>	<u>-0-</u>	<u>76,500.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 660,990.13</u>	<u>\$ 734,688.91</u>	<u>\$ 1,369,716.32</u>



TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current and Prior Years

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Bond Anticipation Notes:				
General Capital Fund	\$ 670,000.00	\$ 200,000.00	\$ 670,000.00	\$ 200,000.00
Loans:				
General Capital Fund	64,688.91		8,698.78	55,990.13
Total	<u>\$ 734,688.91</u>	<u>\$ 200,000.00</u>	<u>\$ 678,698.78</u>	<u>\$ 255,990.13</u>
	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Bond Anticipation Notes:				
General Capital Fund	\$ 1,220,000.00	\$ 670,000.00	\$ 1,220,000.00	\$ 670,000.00
Loans:				
General Capital Fund	73,216.32		8,527.41	64,688.91
Total	<u>\$ 1,293,216.32</u>	<u>\$ 670,000.00</u>	<u>\$ 1,228,527.41</u>	<u>\$ 734,688.91</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.081%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 1,190,000.00	\$ 1,190,000.00	
Regional High School Debt	-0-	-0-	
General Debt	660,990.13		\$ 660,990.13
	<u>\$ 1,850,990.13</u>	<u>\$ 1,190,000.00</u>	<u>\$ 660,990.13</u>

Net Debt \$660,990.13 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$818,880,279.00 = 0.081%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 28,658,009.77
Net Debt	<u>660,990.13</u>
Remaining Borrowing Power	<u>\$ 27,997,019.64</u>

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

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

Analysis of Debt Issued and Outstanding at December 31, 2021

General Capital Bond Anticipation Notes

Purpose	Maturity Date	Interest Rate	Balance Dec. 31, 2021
Acquisition of Pumper/Rescue Truck	8/2/2022	0.35%	\$ 200,000.00

General Capital Fund Green Acres Loans Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2021
Acquisition of Land and Easements	10/11/2027	2.00%	\$ 55,990.13
Total Debt Issued and Outstanding			\$ 255,990.13

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Loans Issued and Outstanding

Year	Green Acres Loan		Total
	Principal	Interest	
2022	\$ 8,873.65	\$ 1,075.65	\$ 9,949.30
2023	9,052.02	897.29	9,949.31
2024	9,233.96	715.34	9,949.30
2025	9,419.51	529.74	9,949.25
2026	9,608.85	340.41	9,949.26
2027	9,802.14	146.27	9,948.41
	<u>\$ 55,990.13</u>	<u>\$ 3,704.70</u>	<u>\$ 59,694.83</u>

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2022 has not been introduced. Thus, the amount of fund balance at December 31, 2021 which will be included in the Current Fund budget for the year ending December 31, 2022 is not known at this time.

Note 4: 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) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/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.

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 are adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$147,279 for 2021.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Township's liability was \$2,195,472 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Township's proportion was 0.0134%, which was an increase of 0.0002% from its proportion measured as of June 30, 2019. The Township has rolled forward the net pension liability with no adjustments. The State of New Jersey Public Employee's Retirement System's (PERS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Services, State of New Jersey is permitting municipalities to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Township recognized actual pension expense in the amount of \$147,279.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

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

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 4: Pension Plans (Cont'd)

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

Discount Rate

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

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, 2020 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:

	June 30, 2020		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Township's Proportionate Share of the Net Pension Liability	\$ 2,757,610	\$ 2,195,472	\$ 1,709,491

Pension Plan Fiduciary Net Position

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

B. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$107.90 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$146.52 for the year ended December 31, 2021.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 5: Local and Regional School Districts 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 respective school district.

The Township of Frankford has elected not to defer school taxes.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and 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 \$167,699.56 at December 31, 2021. This amount is not reported as an expenditure or liability. As of December 31, 2021, the Township has a reserve for accumulated sick leave in the Other Trust Funds of \$142,608.43 for future accumulated absences claims.

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 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ 2.775	\$ 2.652	\$ 2.577
<u>Apportionment of Tax Rate</u>			
Municipal	.383	.373	.374
Municipal Open Space	.050	.010	.010
County	.642	.646	.647
Local School	1.081	1.049	1.001
Regional High School	.619	.574	.545
<u>Assessed Valuations</u>			
2021	<u>\$ 739,153,000.00</u>		
2020		<u>\$ 734,524,500.00</u>	
2019			<u>\$ 734,250,700.00</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 20,225,233.27	\$ 20,058,103.16	99.17%
2020	19,545,016.24	19,359,651.16	99.05%
2019	19,011,225.13	18,837,136.90	99.08%

Also, 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.

Note 8: Cash and Cash Equivalents

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.

Investments are stated at cost. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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 risk is the risk that in the event of bank failure, the government's deposits may not be returned.



TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the 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 permitted under state statutes as detailed on the following pages.

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 NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in 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 collected public funds on deposit and

In addition to the above collateral requirement, 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.

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;

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Investments: (Cont'd)

- (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.

As of December 31, 2021, cash and cash equivalents of the Township consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 275.00	\$ 2,954,676.71	\$ 2,954,951.71
Animal Control		1,346.81	1,346.81
Other Trust		1,682,028.66	1,682,028.66
General Capital		293,209.36	293,209.36
	<u>\$ 275.00</u>	<u>\$ 4,931,261.54</u>	<u>\$ 4,931,536.54</u>

During the period ended December 31, 2021, the Township did not hold any investments. The carrying amount of the Township of Frankford's cash and cash equivalents at December 31, 2021, was \$4,931,536.54 and the bank balance was \$4,907,901.12.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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. The Township maintains commercial insurance coverage for property and liability. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Township of Frankford is a member of the Municipal Excess Liability Joint Insurance Fund, (the "Fund"). The Fund provides its members with workers' compensation insurance and surety bond coverage. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

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 relates to the total assessment of the membership body.

The December 31, 2021 audit report of the Statewide Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2020 is as follows:

Total Assets	\$ 85,601,144
Net Position	\$ 17,539,902
Total Revenue	\$ 52,502,391
Total Expenses	\$ 61,235,125
Change in Net Position	\$ (8,732,734)
Member Dividends	\$ -0-

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

Municipal Excess Liability Joint Insurance Fund  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 9: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions / Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 2,471.61	\$ 1,933.74	\$ 2,955.48	\$ 32,168.87
2020	2,264.69	2,003.32	8,245.08	30,719.00
2019	2,409.38	1,966.09	7,122.95	34,696.07

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 355,610.29
Federal and State Grant Fund	\$ 330,610.29	
Other Trust Fund	25,000.00	
	<u>\$ 355,610.29</u>	<u>\$ 355,610.29</u>

The interfund receivable in the Federal and State Grant Fund reflects the Federal and State Grant Fund receipts collected by the Current Fund. The interfund receivable in the Other Trust Fund reflects transfers of budget appropriations reserves to the Reserve for Accumulated Sick Leave.

Note 11: Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2021.

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.

Note 13: Open Space Trust Fund

The Township created an Open Space Trust Fund with a tax levy of \$.003 per \$100 of assessed valuation in 1998. The funds collected are used to acquire and maintain open space property in the Township. The balances of the Open Space Trust Fund at December 31, 2021 and 2020 were \$462,159.78 and \$440,264.95, respectively.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 14: Pending Tax Appeals

The municipality has been advised that certain tax appeals have been filed. The Township expects to vigorously defend the original assessments. The Township has also been advised that certain tax appeals have been settled, which resulted in reduction of the related assessment. The Township has established a reserve in the amount of \$15,000.00 to provide for this contingency which it believes is sufficient.

Note 15: Fixed Assets

The following is a summarization of general fixed assets for the year ended December 31, 2021:

	Balance Dec. 31, 2020	Additions	Deletions	Balance Dec. 31, 2021
Land	\$ 3,372,700.00		\$ 115,000.00	\$ 3,257,700.00
Buildings and Improvements	1,085,100.00		66,300.00	1,018,800.00
Machinery and Equipment	3,076,999.00	\$ 298,267.00	17,225.00	3,358,041.00
	<u>\$ 7,534,799.00</u>	<u>\$ 298,267.00</u>	<u>\$ 198,525.00</u>	<u>\$ 7,634,541.00</u>

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 3,372,700.00			\$ 3,372,700.00
Buildings and Improvements	1,085,100.00			1,085,100.00
Machinery and Equipment	2,762,239.00	\$ 355,953.00	\$ 41,193.00	3,076,999.00
	<u>\$ 7,220,039.00</u>	<u>\$ 355,953.00</u>	<u>\$ 41,193.00</u>	<u>\$ 7,534,799.00</u>

Note 16: Postemployment Benefits Other than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

In addition to the pension described in Note 4, the Township provides post-employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense Related to OPEB

The Township has rolled forward the net OPEB liability as of June 30, 2020 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2020 OPEB information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

At June 30, 2020, the Township had a liability of \$3,272,385 for its proportionate share of the net OPEB liability. At June 30, 2020, the Township's proportion was 0.018234% which was an increase of .002% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020 the Authority's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$4,587.

The Township's actual post retirement payments in 2021 for 19 retiree employees were \$21,381.24.

TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%

\* - Salary increases are based on years of service.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PERS experience study prepared for July 1, 2014 – June 30, 2018.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.



TOWNSHIP OF FRANKFORD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Note 16: Postemployment Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Discount Rate

The following presents the net OPEB Liability of the Township as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township 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:

	June 30, 2020		
	At 1% Decrease (1.21%)	Current Discount Rate (2.21%)	At 1% Increase (3.21%)
Township's proportionate share of the Net OPEB Liability	\$ 3,868,651	\$ 3,272,385	\$ 2,800,387

Sensitivity of the Net OPEB Liability Attributable to the Township to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Township as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Township would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Township's proportionate share of the Net OPEB Liability	\$ 2,707,902	\$ 3,272,385	\$ 4,011,584

TOWNSHIP OF FRANKFORD

SUPPLEMENTARY DATA

TOWNSHIP OF FRANKFORD  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2021

Name	Title	Amount of Bond	Name of Corporate Surety
Nicholas Citivan	Mayor		
Edmin Risdon, Jr.	Committee President		
James Ayers	Committeeperson		
David Silverthorne	Committeeperson		
Emery Castimore, Jr.	Committeeperson		
Sharon Yarosz	Chief Financial Officer; Treasurer; Land Use Administrator	\$ 1,000,000.00	Municipal Excess Liability Insurance Fund
Stephen Lance	Tax Collector; Tax Search Official	1,000,000.00	Municipal Excess Liability Insurance Fund
Lori Nienstedt	Municipal Clerk; Administrator; Deputy Registrar	(a)	
Diane Brauschle	Deputy Municipal Clerk; Registrar; Dog License Official; Board of Health Secretary	(a)	
Jason Laliker	Tax Assessor	(a)	
Jeffrey Fette	Construction Official; Building Subcode Official	(a)	
Ann Bell	Construction Secretary; Zoning Officer	(a)	
Michael Flood	Animal Control Officer	(a)	
Mark Yetter	Department of Public Works Supervisor	(a)	
Suzanne Oakley	Municipal Court Administrator	(a)	
James G. Devine	Magistrate	(a)	
Carol Cosh	Deputy Municipal Court Administrator	(a)	
Shari McSweeney	Violations Clerk	(a)	
Michael Dann	Office of Emergency Management	(a)	
Kevin Benbrook	Attorney	(a)	
Harold E. Pellow	Engineer	(a)	

All bonds were examined and were properly executed

(a) - There is a Public Employees Blanket Bond for \$1,000,000.00 through Municipal Excess Liability Insurance Fund

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
CURRENT FUND

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF CASH

Balance December 31, 2020	<u>Ref.</u> A	\$ 2,246,569.19
Increased by Receipts:		
Taxes Receivable	\$ 19,804,707.34	
Interest on Costs and Taxes	47,720.54	
Revenue Accounts Receivable	713,996.69	
Miscellaneous Revenue Not Anticipated	398,078.81	
Tax Title Lien Settlement - Collector	178,585.11	
Prepaid Taxes	359,288.02	
Due to Federal and State Grant Fund:		
Unappropriated Reserves	305,443.60	
State of New Jersey Veterans' and Senior Citizens' Deductions	59,000.00	
Tax Title Lien Redemptions	38,080.19	
Third Party Liens	98,805.74	
Prior Year Tax Overpayments	3,137.72	
Tax Overpayments	26,906.66	
Due Other Trust Fund:		
Tax Sale Premiums	24,000.00	
Tax Sale Premiums Escheated	11,500.00	
Due to State of N.J.:		
Building Surcharges	6,725.00	
Marriage License Fees	650.00	
Appropriation Reserve Refunds	1,849.15	
Appropriation Refunds	68,830.45	
	<hr/>	22,147,305.02
		<hr/> 24,393,874.21
Decreased by Disbursements:		
2021 Appropriation Expenditures	3,811,473.56	
2020 Appropriation Reserve Expenditures	61,427.69	
Local School District Taxes	7,990,986.00	
Regional School District Taxes	4,578,659.00	
County Taxes	4,752,524.07	
Tax Overpayments Refunded	27,002.27	
Refund of Third Party Liens	98,805.74	
Due Other Trust Fund:		
Open Space Levy	37,079.63	
Open Space Levy - Prior Year	7.50	
Tax Sale Premiums	24,000.00	
Due to State of New Jersey:		
Building Surcharges	6,725.00	
Marriage License Fees	625.00	
Due from Federal and State Grant Fund:		
Appropriated Reserves	45,506.13	
Refund of Prior Year Revenue	4,375.91	
	<hr/>	21,439,197.50
Balance December 31, 2021	A	<hr/> \$ 2,954,676.71 <hr/>

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2020	2021 Levy	2020	Collections 2021	State of NJ Veterans' and Senior Citizens' Deductions	Overpayments Applied	Cancellations	Tax Appeals & Rebates	Transfer to Tax Title Liens	Balance Dec. 31, 2021
2019	\$ 864.17			\$ 135,133.52					\$ 174.89	\$ 864.17
2020	151,367.82			135,133.52					174.89	16,059.41
	152,231.99			19,669,573.82					8,683.43	16,923.58
2021	\$ 20,225,233.27		\$ 305,408.22		\$ 56,500.00	\$ 26,621.12	\$ 49,784.03	\$ 18,147.56		90,515.09
	\$ 152,231.99	\$ 20,225,233.27	\$ 305,408.22	\$ 19,804,707.34	\$ 56,500.00	\$ 26,621.12	\$ 49,784.03	\$ 18,147.56	\$ 8,858.32	\$ 107,438.67
<u>Ref.</u>										<u>A</u>

Analysis of 2021 Property Tax Levy

General Purpose Tax	\$ 20,178,876.90
Added Taxes (54:4-63.1 et seq.)	46,356.37
	<u>\$ 20,225,233.27</u>

Tax Levy:

Local School District Taxes	\$ 7,990,986.00
Regional School District Taxes	4,578,659.00
Municipal Open Space Tax	37,079.63
County Taxes:	
County Taxes	\$ 4,736,577.38
Due County for Added and Omitted Tax	10,981.62
	<u>4,747,559.00</u>
	17,354,283.63
Local Tax for Municipal Purposes	2,834,201.10
Add: Additional Tax Levied	36,748.54
	<u>2,870,949.64</u>
	<u>\$ 20,225,233.27</u>

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2020	A	\$	323,770.57
Increased by:			
2021 Taxes Transferred		\$	8,683.43
Prior Year Taxes Transferred			174.89
Interest and Cost on Tax Sale			30.36
			<u>8,888.68</u>
			332,659.25
Decreased by:			
Transfer to Foreclosed Property			223,972.12
Redeemed			38,080.19
Cancelled			19,694.91
			<u>281,747.22</u>
Balance December 31, 2021	A	\$	<u><u>50,912.03</u></u>

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Accrued in 2021	Collected by Treasurer	Balance Dec. 31, 2021
Licenses:			
Alcoholic Beverage License	\$ 5,597.00	\$ 5,597.00	
Other Licenses	5,893.00	5,893.00	
Fees and Permits	58,805.00	58,805.00	
Fines and Costs:			
Municipal Court	15,148.52	14,338.24	\$ 810.28
Interest on Investments	6,987.45	6,987.45	
Energy Receipts Tax	455,001.00	455,001.00	
Watershed Moratorium Offset Aid	13,066.00	13,066.00	
Garden State Preservation Trust Fund	16,522.00	16,522.00	
Uniform Construction Code Fees	137,787.00	137,787.00	
	<u>\$ 714,806.97</u>	<u>\$ 713,996.69</u>	<u>\$ 810.28</u>



TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Mayor and Committee:				
Salaries and Wages	\$ 200.00	\$ 200.00		\$ 200.00
Other Expenses	3,578.32	3,578.32	\$ 1,000.77	2,577.55
Municipal Clerk:				
Salaries and Wages	10,644.11	10,644.11	3,181.25	7,462.86
Other Expenses	752.18	752.18	624.40	127.78
Codification of Municipal Ordinances	4,000.00	4,000.00		4,000.00
Elections	2,027.15	2,027.15		2,027.15
Financial Administration:				
Salaries and Wages	1,005.00	1,005.00		1,005.00
Other Expenses	1,472.02	1,472.02	27.98	1,444.04
Audit Services	3,625.00	3,625.00	3,625.00	
Computer Services and Office Equipment	12,621.58	12,621.58	7,247.00	5,374.58
Assessment of Taxes:				
Salaries and Wages	964.96	964.96		964.96
Other Expenses	2,116.08	2,116.08	1,000.00	1,116.08
Collection of Taxes:				
Salaries and Wages	613.63	613.63		613.63
Other Expenses	1,534.48	1,534.48		1,534.48
Legal Services and Costs:				
Other Expenses	12,656.51	12,656.51	455.00	12,201.51
Engineering Services and Costs:				
Other Expenses	11,134.46	11,134.46	954.59	10,179.87
Economic Development:				
Other Expenses	300.00	300.00		300.00
LAND USE ADMINISTRATION:				
Land Use Board:				
Salaries and Wages	89.08	89.08		89.08
Other Expenses	1,897.87	1,897.87	400.50	1,497.37
Zoning Board of Adjustment:				
Salaries and Wages	802.88	802.88		802.88
Other Expenses	2,026.07	2,026.07		2,026.07
INSURANCE:				
General Liability	3,394.00	3,394.00		3,394.00
Employee Group Insurance	22,445.05	22,445.05	850.00	21,595.05
Health Benefit Waiver	1,887.99	1,887.99		1,887.99
Insurance - Other	15.80	15.80		15.80
PUBLIC SAFETY FUNCTIONS:				
Vehicle Expense	12,050.17	12,050.17	8,043.38	4,006.79
Emergency Management Services:				
Salaries and Wages	340.20	340.20		340.20
Other Expenses	1,515.00	1,515.00		1,515.00

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS: (Cont'd)				
Municipal Prosecutor:				
Other Expenses	\$ 1,400.00	\$ 1,400.00		\$ 1,400.00
PUBLIC WORKS FUNCTIONS:				
Street and Road Maintenance:				
Salaries and Wages	45,432.01	45,432.01	\$ 25,000.00	20,432.01
Other Expenses	38,454.37	38,454.37	17,804.14	20,650.23
Oil and Stone	2,003.24	2,003.24		2,003.24
Public Buildings and Grounds:				
Salaries and Wages	1,448.00	1,448.00		1,448.00
Other Expenses	20,988.91	20,988.91	1,416.70	19,572.21
Recycling:				
Salaries and Wages	726.33	726.33		726.33
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Board of Health:				
Salaries and Wages	45.92	45.92		45.92
Other Expenses	883.30	883.30	346.60	536.70
Animal Control:				
Other Expenses	7,731.27	7,731.27	7,000.00	731.27
PARKS AND RECREATION FUNCTIONS:				
Park Buildings and Grounds:				
Other Expenses	43.97	43.97	18.16	25.81
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	5,050.79	5,050.79		5,050.79
Other Expenses	3,803.37	3,803.37	3,499.05	304.32
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	3,707.16	3,707.16	637.93	3,069.23
Street Lighting	1,307.86	1,307.86	632.33	675.53
Telephone	1,465.02	1,465.02	310.33	1,154.69
Fuel Oil	6,737.34	6,737.34	147.36	6,589.98
Gasoline	17,226.63	17,226.63	1,864.44	15,362.19
SANITATION:				
Garbage and Trash Removal:				
Other Expenses	4,175.50	4,175.50		4,175.50
STATUTORY EXPENDITURES:				
Contribution to:				
Social Security System (O.A.S.I.)	6,527.66	6,527.66		6,527.66
Defined Contribution Retirement Plan	147.26	147.26		147.26
Declared State of Emergency Costs for				
Coronavirus Response:				
Salaries and Wages	1.00	1.00		1.00
Other Expenses	896.92	896.92	40.13	856.79

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
Municipal Court:				
Salaries and Wages	\$ 12,397.04	\$ 12,397.04		\$ 12,397.04
Other Expenses	13,213.51	13,213.51	\$ 2,563.50	10,650.01
Matching Share for Grants	1.00	1.00		1.00
	<u>\$ 311,524.97</u>	<u>\$ 311,524.97</u>	<u>\$ 88,690.54</u>	<u>\$ 222,834.43</u>

Analysis of Balance December 31, 2020:

	<u>Ref.</u>			
Unencumbered	A	\$ 262,442.29		
Encumbered	A	49,082.68		
		<u>\$ 311,524.97</u>		
			Cash Disbursed	\$ 61,427.69
			Due Other Trust Funds	25,000.00
			Accounts Payable	4,112.00
				<u>90,539.69</u>
			Less: Appropriation	
			Reserve Refunds	1,849.15
				<u>\$ 88,690.54</u>

TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

Increased by:

Levy - Calendar Year 2021	\$	7,990,986.00
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Decreased by:

Payments to Local School District	\$	7,990,986.00
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TOWNSHIP OF FRANKFORD  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

Increased by:

Levy - Calendar Year 2021	\$	4,578,659.00
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Decreased by:

Payments to Regional School District	\$	4,578,659.00
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TOWNSHIP OF FRANKFORD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

Grant	2021 Budget Revenue Realized	Transferred From Unappropriated Reserves
Recycling Tonnage Grant	\$ 4,804.41	\$ 4,804.41
Clean Communities Grant	21,671.09	21,671.09
American Rescue Plan Grant	55,000.00	55,000.00
	<u>\$ 81,475.50</u>	<u>\$ 81,475.50</u>

TOWNSHIP OF FRANKFORD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance Dec. 31, 2020	Encumbrances Returned	Transferred from 2021 Budget	Cash Disbursed	Encumbrances Payable	Balance Dec. 31, 2021
Recycling Tonnage Grant	\$ 2,426.17	\$ 140.00	\$ 4,804.41	\$ 7,262.27	\$ 64.20	\$ 44.11
Clean Communities Grant	45,840.56	595.00	21,671.09	15,809.18	2,100.00	50,197.47
American Rescue Plan Grant			55,000.00	22,434.68		32,565.32
	<u>\$ 48,266.73</u>	<u>\$ 735.00</u>	<u>\$ 81,475.50</u>	<u>\$ 45,506.13</u>	<u>\$ 2,164.20</u>	<u>\$ 82,806.90</u>
<u>Ref.</u>	A	A			A	A

TOWNSHIP OF FRANKFORD  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

Grant	Balance Dec. 31, 2020	Cash Receipts	Transfer to 2021 Budget Revenue	Balance Dec. 31, 2021
Recycling Tonnage Grant		\$ 4,804.41	\$ 4,804.41	
Clean Communities Grant	\$ 21,671.09	23,215.19	21,671.09	\$ 23,215.19
American Rescue Plan Grant		277,424.00	55,000.00	222,424.00
	<u>\$ 21,671.09</u>	<u>\$ 305,443.60</u>	<u>\$ 81,475.50</u>	<u>\$ 245,639.19</u>
<u>Ref.</u>	A			A

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
TRUST FUNDS



TOWNSHIP OF FRANKFORD  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2020	B	\$ 1,584.88	\$ 1,655,608.61
Increased by Receipts:			
Municipal Licensing Fees		\$ 3,060.00	
Prepaid Licenses		4,770.00	
Late Fees		261.20	
State Registration Fee		1,176.60	
Accumulated Sick Leave			\$ 12,500.00
Unemployment Compensation Insurance			4,405.35
Tax Sale Premiums			24,000.00
Open Space:			
Tax Levy			37,079.63
Settlement of Prior Year Interfund			7.50
Outside Lien Redemption			101,764.27
Division of Fire Safety			47,291.81
Municipal Alliance - Current Year			3,246.66
Public Defender			1,110.00
Housing Trust			37,839.38
Escrow Deposits			42,256.27
Security Deposits			49,148.40
Parking Offenses Adjudication Act			2.00
Storm Recovery			70,386.43
		<u>9,267.80</u>	<u>431,037.70</u>
		10,852.68	2,086,646.31
Decreased by Disbursements:			
State Registration Fees		1,036.80	
Animal Control Expenditures		8,469.07	
Escrow Deposits			30,523.55
Security Deposits			59,999.99
Unemployment Compensation Insurance			2,955.48
Tax Sale Premium			59,000.00
Open Space			15,184.80
Outside Lien Redemption			120,196.06
Division of Fire Safety			65,511.95
Municipal Alliance			6,967.17
Storm Recovery			44,278.65
		<u>9,505.87</u>	<u>404,617.65</u>
		\$ 1,346.81	\$ 1,682,028.66
Balance December 31, 2021	B		

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

	<u>Ref.</u>	
Balance/(Deficit) December 31, 2020	B	\$ (4,298.52)
Increased by:		
2021 Dog License Fees Collected	\$ 3,060.00	
Prepaid Dog Licenses	5,908.60	
Miscellaneous Fees	<u>261.20</u>	
		<u>4,931.28</u>
Decreased by:		
Expenditures		<u>8,469.07</u>
Balance/(Deficit) December 31, 2021	B	<u><u>\$ (3,537.79)</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	\$ 9,260.00
2019	<u>8,855.00</u>
Maximum Allowable Reserve	<u><u>\$ 18,115.00</u></u>

TOWNSHIP OF FRANKFORD  
COUNTY OF SUSSEX  
2021  
GENERAL CAPITAL FUND

TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 334,870.19
Increased by:		
2021 Budget Appropriations:		
Capital Improvement Fund	\$ 90,000.00	
Improvements to Municipal Building	8,000.00	
Purchase of Road Department Equipment	90,500.00	
FEMA Grant Receivable	95,165.00	
New Jersey Department of Transportation Grant Receivable	198,860.25	
		<u>482,525.25</u>
		817,395.44
Decreased by:		
Improvement Authorization Expenditures		<u>524,186.08</u>
Balance December 31, 2021	C	<u><u>\$ 293,209.36</u></u>

TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec 31, 2020	Receipts		Disbursements Improvement Authorizations	Transfers		Balance/ (Deficit) Dec 31, 2021
		Budget Appropriation	Miscellaneous		From	To	
Capital Improvement Fund	\$ 6,623.43	\$ 90,000.00	\$ 198,860.25		\$ 35,000.00		\$ 61,623.43
NJ Department of Transportation Grant Receivable			95,165.00		265,147.00		(66,286.75)
FEMA Grant Receivable	(108,000.00)						(12,835.00)
Fund Balance	17,754.25					\$ 32,395.23	50,149.48
Reserve for Encumbrances	266,826.67				266,826.67	430,421.62	430,421.62
Reserve for Purchase of Road Equipment	4,132.65	90,500.00				3,320.00	97,952.65
Reserve for Improvements to Roads	42,141.51				20,000.00		22,141.51
Reserve for Improvements to Roads - LUB	12,104.63						12,104.63
Reserve for Improvements to Municipal Building	22,245.50	8,000.00					30,245.50
Reserve for Improvements to Parks	475.78						475.78
Ord. Number	Improvement Description						
19-14	Standby Generator			\$ 5,772.97		1,672.54	13,184.41
19-16	Municipal Building and DPW Garage			4,281.80		2,678.80	9,012.70
19-17	Various Road Improvements			507.33	29,633.23	102.33	
20-03	Purchase of Truck and Plow			170,680.00	3,320.00	169,836.00	
20-09	Purchase of Fire Department Equipment			5,299.00	4,533.00	5,299.00	1,168.00
20-10	Purchase of Mini Excavator			87,238.00	2,762.00	87,238.00	
21-10	Resurfacing of Ridge Road			242,156.98	66.51	285,147.00	42,923.51
21-12	Acquisition of a Fire Tanker Truck				425,822.11	25,000.00	(400,822.11)
21-15	Purchase of Wide Format System Scanner			8,250.00		10,000.00	1,750.00
		\$ 188,500.00	\$ 294,025.25	\$ 524,186.08	\$ 1,053,110.52	\$ 1,053,110.52	\$ 293,209.36





TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 6,623.43
Increased by:		
Current Fund Budget Appropriation		<u>90,000.00</u>
		96,623.43
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>35,000.00</u>
Balance December 31, 2021	C	<u><u>\$ 61,623.43</u></u>



TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2021

Ord. Date	Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec 31, 2020	Issued	Matured	Balance Dec 31, 2021
		Date of Issue	Amount	Issue	Maturity					
10/02/19	Various Roads/Improvements	10/02/19	\$ 600,000.00	08/06/20	08/04/21	0.95%	\$ 300,000.00		\$ 300,000.00	
12/04/19	Acquisition of Pumper/Rescue Truck	12/04/19	370,000.00	08/06/20 08/03/21	08/04/21 08/02/22	0.95% 0.35%	370,000.00	\$ 200,000.00	370,000.00	\$ 200,000.00
							<u>\$ 670,000.00</u>	<u>\$ 200,000.00</u>	<u>\$ 670,000.00</u>	<u>\$ 200,000.00</u>
						<u>Ref.</u>	<u>C</u>			<u>C</u>
						Renewals		\$ 200,000.00	\$ 200,000.00	
						Paid by Budget Appropriation			470,000.00	
								<u>\$ 200,000.00</u>	<u>\$ 670,000.00</u>	

TOWNSHIP OF FRANKFORD  
GENERAL CAPITAL  
SCHEDULE OF GREEN ACRES LOAN PAYABLE

Balance December 31, 2020	\$ 64,688.91
Decreased by:	
Principal Matured	<u>8,698.78</u>
Balance December 31, 2021	<u><u>\$ 55,990.13</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2021

<u>Payment Number</u>	<u>Due</u>	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Loan Balance</u>
				\$ 55,990.13
28	4/11/2022	\$ 4,414.75	\$ 559.90	51,575.38
29	10/11/2022	4,458.90	515.75	47,116.48
30	4/11/2023	4,503.49	471.16	42,612.99
31	10/11/2023	4,548.53	426.13	38,064.46
32	4/11/2024	4,594.01	380.64	33,470.45
33	10/11/2024	4,639.95	334.70	28,830.50
34	4/11/2025	4,686.35	288.30	24,144.15
35	10/11/2025	4,733.21	241.44	19,410.94
36	4/11/2026	4,780.55	194.11	14,630.39
37	10/11/2026	4,828.35	146.30	9,802.04
38	4/11/2027	4,876.64	98.02	4,925.40
39	10/11/2027	4,925.40	48.25	-0-
		<u><u>\$ 55,990.13</u></u>	<u><u>\$ 3,704.70</u></u>	

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

Ord. Date	Improvement Description	2021 Authorizations	Balance Dec 31, 2021
05/25/21	Acquisition of a Fire Tanker Truck	\$ 405,000.00	\$ 405,000.00
		<u>\$ 405,000.00</u>	<u>\$ 405,000.00</u>

TOWNSHIP OF FRANKFORD

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF FRANKFORD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021

Name of Federal Agency or Department	Name of Program	Pass Through Entity ID	Assistance Listing Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Total Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Homeland Security (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA:	100-066-1200-								
	Hurricane Sandy - Hazard Mitigation	B07-063520	97.039	01/01/21	12/31/22	\$108,000.00	\$ 95,165.00	\$ 7,445.51	\$ 95,472.45	
	Tropical Storm Isaias	C73-069820	97.036	08/05/20	12/31/21	4,827.75	4,827.75	4,827.75 *	4,827.75	
	NJ Severe Winter Storm and Snowstorm	C80-066290	97.036	01/01/21	12/31/21	67,899.69	67,899.69	67,899.69 *	67,899.69	
Total U.S. Department of Homeland Security							167,892.44	80,172.95	168,199.89	
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	COVID 19 - Coronavirus Relief Fund:	100-022-8030-								
	Local Government Emergency Fund	686-049690	21.019	03/01/20	12/31/21	10,731.00	10,731.00	10,731.00 *	10,731.00	
	COVID 19 - American Rescue Plan:	100-022-8030-								
	Coronavirus State and Local Fiscal Recovery Funds	687-046010	21.027	03/03/21	12/31/24	554,848.01	277,424.00	22,434.68	22,434.68	
Total U.S. Department of Treasury							288,155.00	33,165.68	33,165.68	
Total Federal Awards							\$456,047.44	\$113,338.63	\$201,365.57	\$ -0-

\* - Expended in prior year

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF FRANKFORD  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

Name of State Agency or Department	Name of Program	State Grant Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900- 004-VCMC	01/01/17	12/31/21	\$ 22,407.02		\$ 270.74	\$ 22,407.02
			01/01/18	12/31/21	21,532.36		17,043.44	17,043.44
			01/01/21	12/31/22	23,215.19	\$ 23,215.19		
						23,215.19	17,314.18	39,450.46
	Recycling Tonnage Grant	752-042-4900- 001-V42Y	01/01/19	12/31/21	5,781.26		2,426.17	5,781.26
			01/01/21	12/31/22	4,804.41	4,804.41	4,760.30	4,760.30
						4,804.41	7,186.47	10,541.56
Total Department of Environmental Protection						28,019.60	24,500.65	49,992.02
Department of Transportation	2020 Mulberry Street Neighborhood Resurfacing	078-6320-480- AN8-606280	01/01/20	12/31/22	265,147.00	198,860.25	222,223.49	222,223.49
Total Department of Transportation						198,860.25	222,223.49	222,223.49
Total State Awards						\$226,879.85	\$246,724.14	\$272,215.51

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF FRANKFORD  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Frankford under programs of the federal and state governments for the year ended December 31, 2021. The information in these schedules is presented in accordance with the requirements of the 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. Summary of Significant Accounting Policies

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The Township has not elected to 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 reports.

Note 4: Loans Payable

The Township of Frankford has the following loans outstanding as of December 31, 2021:

General Capital Fund:

Green Acres Loan Payable

\$ 55,990.13

Currently, the Township is in the process of repaying the Green Acres loan balance.

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

Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Frankford  
Frankford, 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 the Township of Frankford, in the County of Sussex (the "Township") as of and for the year ended December 31, 2021, and the related notes to the financial statements and have issued our report thereon dated April 11, 2022. 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 have not been 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 2021-001, that we consider to be a significant deficiency.



The Honorable Mayor and Members  
of the Township Committee  
Township of Frankford  
Page 2

### **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.

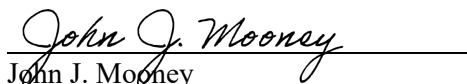
### **Purpose of this Report**

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.

Mount Arlington, New Jersey  
April 11, 2022



NISIVOCCIA LLP



John J. Mooney

Certified Public Accountant

Registered Municipal Accountant No. 560

TOWNSHIP OF FRANKFORD  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- A significant deficiency disclosed during the audit of the financial statements is 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 Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2021 as both federal and state 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 Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2021-001: 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 and Tax Collector functions. 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. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of collections. Also, in most cases, the disbursement of funds and reconciliation of bank accounts are performed by one person. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Cause:

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

TOWNSHIP OF FRANKFORD  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

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

Finding 2021-001: 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 adequate segregation of duties is maintained with respect to the recording and treasury and tax collector functions.

*Management's Response:*

The finding was evaluated, and the Township is currently investigating the cost/benefit relationship of various alternatives to resolve this finding.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF FRANKFORD  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021

The Township's prior year audit finding 2020-001 regarding segregation of duties has not been resolved due to budget constraints and is included as finding 2021-001 on the Schedule of Findings and Responses.

TOWNSHIP OF FRANKFORD

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

TOWNSHIP OF FRANKFORD  
COMMENTS AND RECOMMENDATIONS

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

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. 1971, C.198 (N.J.S.A. 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 (N.J.S.A. 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 (N.J.S.A. 40A:11-2), 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 of Frankford has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

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

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. None were noted.

TOWNSHIP OF FRANKFORD  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Collection of Interest on Delinquent Taxes and Utility Charges

On January 1, 2021, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Township Council of the Township of Frankford, Sussex County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Tax Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 6, 2021 and was complete.

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>
2021	16
2020	15
2019	11

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.

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 2021 and 2022 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3

TOWNSHIP OF FRANKFORD  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances and payments as of December 31, 2021. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

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. Fixed assets accounting and reporting system.
3. General ledger accounting system.

The Township is currently in compliance with the above accounting requirements.

Municipal Court

The transactions for the year 2021 were as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Balance Dec 31, 2020	Receipts	Disbursements	Balance Dec 31, 2021
Municipal Treasurer:				
Frankford	\$ 666.92	\$ 15,593.60	\$ 15,450.24	\$ 810.28
Lafayette	529.92	10,876.03	10,876.24	529.71
Montague	604.91	12,256.45	12,244.16	617.20
Sandyston	529.91	11,236.93	11,156.14	610.70
Weights & Measures		4,617.00	4,617.00	
Restitution		250.00	250.00	
Fish & Game	500.00	7,019.50	6,829.50	690.00
County Treasurer	102.00	5,194.50	5,104.00	192.50
State of New Jersey	9,663.51	139,769.99	142,310.75	7,122.75
Cash Bail	478.08	4,000.84	4,328.90	150.02
	<u>\$ 13,075.25</u>	<u>\$ 210,814.84</u>	<u>\$ 213,166.93</u>	<u>\$ 10,723.16</u>



TOWNSHIP OF FRANKFORD  
COMMENTS AND RECOMMENDATIONS  
 (Continued)

Animal Control Fund

There was a prior year overexpenditure in the Animal Control Fund that created a deficit in the Reserve for Animal Control Fund Expenditures. It is recommended that Animal Control Fund expenditures be monitored more closely to ensure that there are no overexpenditures.

Management's Response

The Township will budget for a Deficit in the Reserve for Animal Control Fund Expenditures in 2022 to resolve this recommendation in 2022.

Payroll

During our audit of the Township's payroll records we noted the following;

- 1) Longevity was not paid in accordance with the Township's personnel manual. We found an instance in which an employee was being paid longevity due to their part time service being factored into the longevity calculation.
- 2) Health Benefit Waivers were recalculated and found to be overpaid. We noted two instances during our audit testing.
- 3) Pensionable salaries were incorrectly reported to the Division of Pensions.

It is recommended that,

- 1) Employee records be reviewed in accordance with the Township's personnel manual.
- 2) Health Benefit Waivers be paid in accordance with the Township's policy.
- 3) Pensionable salaries be reviewed to ensure the correct amounts are reported to the New Jersey Division of Pensions and Benefits.

Management's Response

The Chief Financial Officer will make every effort to review payroll records to ensure longevity and health benefit waivers are properly paid, and to ensure that salaries are properly reported to the New Jersey Division of Pensions and Benefits.

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the year ended December 31, 2022. Previously leases were either categorized as capital leases or operating leases. This statement will likely affect most leases formerly classified as operating leases. There will be required disclosures for leases for which the Township is either a lessee or a lessor although there will be no impact on the actual financial statements. It is likely that a lease software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

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.

TOWNSHIP OF FRANKFORD  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Status of Prior Year Recommendations

The prior year recommendation regarding segregation of duties has not been resolved and is included as a current year recommendation. The prior year recommendations regarding professional services resolutions to include “not-to-exceed” and obtaining a copy of the political contribution disclosure form have been resolved.

TOWNSHIP OF FRANKFORD  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

- 1) Adequate segregation of duties is maintained with respect to the recording and treasury and tax collector functions.
- 2) Animal Control Fund expenditures be monitored more closely to ensure that there are no overexpenditures.
- 3) Employee records be reviewed in accordance with the Township's personnel manual.
- 4) Health Benefit Waivers be paid in accordance with the Township's policy.
- 5) Pensionable salaries be reviewed to ensure the correct amounts are reported to the New Jersey Division of Pensions and Benefits.

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