

**TOWNSHIP OF FRANKLIN  
COUNTY OF HUNTERDON  
REPORT OF AUDIT  
YEAR 2010**

TOWNSHIP OF FRANKLIN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2010

<u>Exhibit</u>	<b>PART I</b>	<u>Page</u>
	Independent Auditor's Report	2-3
	<b>FINANCIAL STATEMENTS-REGULATORY BASIS</b>	
	<u>Current Fund</u>	
A	Comparative Balance Sheet	5-6
A-1	Comparative Statement of Operations and Changes in Fund Balance	7-8
A-2	Statement of Revenues	9-12
A-3	Statement of Expenditures	13-20
	<u>Trust Fund</u>	
B	Comparative Balance Sheet	21
	<u>General Capital Fund</u>	
C	Comparative Balance Sheet	22
C-1	Statement of Fund Balance	23
	Notes to Financial Statements	25-37
	<b>SUPPLEMENTARY SCHEDULES</b>	
	<u>Current Fund</u>	
A-4	Schedule of Current Fund Cash-Treasurer	40-41
A-5	Schedule of Current Fund Cash and Reconciliation Per NJS 40A:5-5-Treasurer	42
A-6	Schedule of Current Fund Cash-Collector	43
A-7	Schedule of Cash and Reconciliation Per NJS 40A:5-5-Collector	44
A-8	Schedule of Due from/to State of New Jersey-Veterans' and Senior Citizens' Deductions	45
A-9	Schedule of Taxes Receivable and Analysis of Property Tax Levy	46-47
A-10	Schedule of Tax Title Liens Receivable	48
A-11	Schedule of Property Acquired for Taxes	48
A-12	Schedule of Revenue Accounts Receivable	49
A-13	Schedule of Due from Other Trust Funds	50
A-14	Schedule of Due from Animal Control Fund	50
A-15	Schedule of Due from General Capital Fund	51
A-16	Schedule of Due from Federal and State Grant Fund	51
A-17	Schedule of Deferred Charges-Special Emergency Authorizations	52
A-18	Schedule of State Grants Receivable	53
A-19	Schedule of Appropriation Reserves	54-55
A-20	Schedule of Reserve for Encumbrances	56
A-21	Schedule of Prepaid Taxes	57
A-22	Schedule of Tax Overpayments	57
A-23	Schedule of Regional High School Tax Payable	58
A-24	Schedule of Local School Tax Payable	59

TOWNSHIP OF FRANKLIN  
 TABLE OF CONTENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

<u>Exhibit</u>		<u>Page</u>
<b>PART I (Continued)</b>		
<b>SUPPLEMENTARY SCHEDULES</b>		
<u>Current Fund (Cont'd)</u>		
A-25	Schedule of County Taxes Payable	59
A-26	Schedule of State and County Fees Payable	60
A-27	Schedule of Reserve for Garden State Preservation Trust Fund	60
A-28	Schedule of Due to Regular Fund	61
A-29	Schedule of Due to General Capital Fund-Federal and State Grant Fund	61
A-30	Schedule of Appropriated Reserves for State Grants	62-63
<u>Trust Fund</u>		
B-1	Schedule of Trust Fund Cash-Treasurer	65
B-2	Schedule of Trust Fund Cash and Reconciliation Per NJS 40A:5-5-Treasurer	66
B-3	Schedule of Due to Current Fund-Other Trust Fund	67
B-4	Schedule of Reserve for Animal Control Fund Expenditures	68
B-5	Schedule of Due to Current Fund-Animal Control Fund	69
B-6	Schedule of Due to State of New Jersey	69
B-7	Schedule of Reserve for COAH Development Fees	70
B-8	Schedule of Reserve for Developers' Deposits	70
B-9	Schedule of Reserve for Fair Housing Program	71
B-10	Schedule of Special Deposits	71
B-11	Schedule of Reserve for Unemployment Compensation	72
B-12	Schedule of Reserve for Recreation Commission	72
B-13	Schedule of Reserve for Open Space Preservation	73
B-14	Schedule of Reserve for Storm Water Management	73
B-15	Schedule of Reserve for Payroll	74
B-16	Schedule of Reserve for Fair Housing Loan Receivable	74
B-17	Schedule of Reserve for Tax Sale Premiums	75
B-18	Schedule of Reserve for DARE Escrow	75
B-19	Schedule of Due to General Capital Fund	76
B-20	Schedule of Accounts Payable	76
<u>General Capital Fund</u>		
C-2	Schedule of General Capital Fund Cash-Treasurer	78
C-3	Schedule of Cash and Reconciliation per NJS 40A:5-5-Treasurer	79
C-4	Analysis of General Capital Fund Cash	80-81
C-5	Schedule of Due from Federal and State Grant Fund	82
C-6	Schedule of Due from Other Trust Fund	82
C-7	Schedule of Deferred Charges to Future Taxation-Funded	83
C-8	Schedule of Deferred Charges to Future Taxation-Unfunded	84
C-9	Schedule of Due to Current Fund	85
C-10	Schedule of Improvement Authorizations	86
C-11	Schedule of Capital Improvement Fund	87

TOWNSHIP OF FRANKLIN  
 TABLE OF CONTENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

<u>Exhibit</u>		<u>Page</u>
<b>PART I (Continued)</b>		
<b>SUPPLEMENTARY SCHEDULES (Cont'd)</b>		
	<u>General Capital Fund (Cont'd)</u>	
C-12	Schedule of Reserve for Acquisition, Development, and Easements for Farmland Preservation	87
C-13	Schedule of Reserve for Purchase of Emergency Medical Service Equipment	88
C-14	Schedule of Reserve for Payment of Bonds and Notes	88
C-15	Schedule of Bond Anticipation Notes Payable	89
C-16	Schedule of Green Acres Loan Payable	90
C-17	Schedule of Bonds and Notes Authorized but not Issued	91
	<u>General Fixed Assets Account Group</u>	
D	Schedule of General Fixed Assets	93
<b>PART II</b>		
	Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting	95-96
Schedule 1	Schedule of State Financial Assistance	97
<b>PART III</b>		
	Statistical Data	100-103
	Insurance Schedule	104
	List of Officials	105
	General Comments	106-107
	Recommendations	108

**TOWNSHIP OF FRANKLIN**  
**PART I**  
**REPORT OF EXAMINATION OF FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY DATA**  
**YEAR ENDED DECEMBER 31, 2010**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

May 9, 2011

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

We have audited the accompanying balance sheets-regulatory basis of the various funds and account groups of the Township of Franklin as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balances-regulatory basis for the years then ended and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis for the year ended December 31, 2010. These financial statements are the responsibility of the management of the Township of Franklin. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America the financial position of the Township of Franklin at December 31, 2010 and 2009, or the results of its operations for the years then ended.

In our opinion, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township as of December 31, 2010 and 2009, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 9, 2011 on our consideration of the Township of Franklin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Municipality's basic financial statements. The accompanying supplementary information listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.



William M. Colantano, Jr.  
Registered Municipal Accountant  
No. 68

**FINANCIAL STATEMENTS-REGULATORY BASIS**



TOWNSHIP OF FRANKLIN  
COMPARATIVE SHEET-REGULATORY BASIS  
CURRENT FUND

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>ASSETS</b>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 2,823,423	\$ 3,527,494
Change Funds-Collector		25	25
Due from State of NJ Veterans' & Senior Citizens' Deductions	A-8	7,583	7,833
		<u>2,831,031</u>	<u>3,535,352</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	168,210	186,788
Tax Title Liens Receivable	A-10	56,298	23,426
Property Acquired for Taxes	A-11	400	400
Due from Other Trust Funds	A-13	27,786	24,376
Due from Animal Control Fund	A-14	2,511	6,836
Due from General Capital Fund	A-15	562	401
Due from Federal & State Grant Fund	A-16	210	
		<u>255,977</u>	<u>242,227</u>
Deferred Charge-Special Emergency Authorization	A-17		5,500
		<u>3,087,008</u>	<u>3,783,079</u>
Federal & State Grant Fund:			
Cash	A-4	23,518	117,499
State Grants Receivable	A-18	5,000	7,750
		<u>28,518</u>	<u>125,249</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 3,115,526</u></u>	<u><u>\$ 3,908,328</u></u>

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

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;A-19	\$ 270,117	\$ 211,480
Reserve for Encumbrances	A-20	17,962	
Prepaid Taxes	A-21	74,380	184,967
Tax Overpayments	A-22	14,545	4,861
Regional High School Taxes Payable	A-23	1,120,814	1,170,687
Local School Tax Payable	A-24	70,000	
County Tax Payable	A-25	2,680	14,634
State & County Fees Payable	A-26	3,350	2,725
Reserve for Garden State Preservation Trust Fund	A-27		1,968
		<u>1,573,848</u>	<u>1,591,322</u>
Reserve for Receivables	A	255,977	242,227
Fund Balance	A-1	<u>1,257,183</u>	<u>1,949,530</u>
		<u>3,087,008</u>	<u>3,783,079</u>
Federal & State Grant Fund:			
Due to Regular Fund	A-28	210	
Due to General Capital Fund	A-29		101,500
Appropriated Reserves for State Grants	A-30	28,308	23,749
		<u>28,518</u>	<u>125,249</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 3,115,526</u>	<u>\$ 3,908,328</u>

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

	Ref.	For the Year Ending	
		Dec. 31, 2010	Dec. 31, 2009
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,029,000	\$ 1,018,000
Miscellaneous Revenue Anticipated	A-2	620,037	683,526
Receipts from Delinquent Taxes	A-2	176,383	172,307
Receipts from Current Taxes	A-2	12,556,692	12,434,926
Nonbudget Revenue	A-2	23,196	12,250
Other Credits to Income:			
Interfunds Returned-Net	A-2	544	1,387,867
Outside Police Services Administrative Fees	A-13	2,955	1,595
Reallocation of Prior Year Trust Fund Interest			602
Statutory Excess in Animal Control Fund	A-14	2,467	4,939
Grant Fund Balances Canceled	A-16	210	
Unexpended Balance of Appropriation Reserves	A-19	149,157	297,858
Total Income		<u>14,560,641</u>	<u>16,013,870</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	1,172,304	1,212,386
Other Expenses	A-3	1,221,573	1,253,783
Capital Improvements	A-3	102,000	200,000
Debt Service	A-3	42,932	189,999
Deferred Charges & Statutory Expenditures	A-3	384,441	258,830
Court Judgement			42,098
Regional High School Taxes	A-23	3,178,488	3,278,235
Local District School Taxes	A-24	5,464,174	5,177,442
County Taxes	A-25	2,074,536	2,091,996
County Share of Added Taxes	A-24	2,680	14,634
Municipal Open Space Tax	A-2	280,360	279,881
Local Fire District Tax	A-2	300,000	310,000
Disallowance of Senior Citizens' & Veterans			
Deductions-Prior Year	A-8	500	250
Refund of Prior Year Revenue			3
Total Expenditures		<u>14,223,988</u>	<u>14,309,537</u>

TOWNSHIP OF FRANKLIN  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE-REGULATORY BASIS  
(Continued)

	Ref.	For the Year Ending	
		Dec. 31, 2010	Dec. 31, 2009
Statutory Excess to Fund Balance		\$ 336,653	\$ 1,704,333
<b>FUND BALANCE</b>			
Balance January 1,	A	1,949,530	1,263,197
		<u>2,286,183</u>	<u>2,967,530</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	1,029,000	1,018,000
Balance December 31,	A	<u>\$ 1,257,183</u>	<u>\$ 1,949,530</u>

TOWNSHIP OF FRANKLIN  
STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJS 40:4-87		
Fund Balance Anticipated	A-1	\$ 1,029,000	\$ -	\$ 1,029,000	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-12	4,100		5,400	1,300
Fees & Permits	A-12	16,500		15,486	(1,014)
Fines and Costs:					
Municipal Court	A-12	80,000		108,376	28,376
Interest & Costs on Taxes	A-12	35,000		42,686	7,686
Interest on Investments & Deposits	A-2	19,000		8,831	(10,169)
Hotel & Motel Occupancy Fee	A-12	71,000		73,866	2,866
Consolidated Municipal Property Tax Relief Aid	A-12	20,402		20,155	
Energy Receipts Tax	A-12	239,142		239,142	
Uniform Construction Code Fees	A-12	60,000		76,350	16,350
Drunk Driving Enforcement Fund	A-18	1,450	1,514	2,964	
Clean Communities Program	A-18	9,193		9,193	
Police Emergency Management Grant	A-18	5,000		5,000	
Division of Criminal Justice Body Armor Fund	A-18	647	973	1,620	
Division of Highway Traffic Safety - Occupant Protection Program- "Click It or Ticket 2010"	A-18		4,000	4,000	
Division of Highway Traffic Safety - 2010 Holiday Statewide Crackdown	A-18		5,000	5,000	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJS 40:4-87		
Miscellaneous Revenues: (Cont'd)					
Garden State Trust Fund	A-27	\$ 1,968		\$ 1,968	
	A-1	563,402	\$ 11,487	620,037	\$ 45,395
Receipts from Delinquent Taxes	A-1;A-9	136,677		176,383	39,706
Property Tax for Support of Municipal Budget					
Appropriations:					
Local Tax for Municipal Purposes	A-2	1,440,000		1,506,454	66,454
Budget Totals		<u>3,169,079</u>	<u>11,487</u>	<u>3,331,874</u>	<u>\$ 151,555</u>
Non-Budget Revenues	A-1;A-2			23,196	
		<u>\$ 3,169,079</u>	<u>\$ 11,487</u>	<u>\$ 3,355,070</u>	
	<u>Ref.</u>	A-3	A-3		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF REVENUES REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

<u>Allocation of Current Tax Collections</u>	<u>Ref.</u>			
Tax Collections	A-1;A-9			\$ 12,556,692
Allocated to:				
Local District School Taxes	A-9	\$	5,464,174	
Regional High School Taxes	A-9		3,178,488	
County Taxes	A-9		2,077,216	
Local Fire District	A-1;A-9		300,000	
Municipal Open Space Tax	A-1;A-9		<u>280,360</u>	
				<u>11,300,238</u>
Balance for Support of Municipal Budget Appropriations				1,256,454
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3			<u>250,000</u>
Realized for Support of Municipal Budget	A-2			<u>\$ 1,506,454</u>
 <u>Interest on Investments &amp; Deposits Analysis</u>				
Treasurer	A-4	\$		6,997
Other Trusts	A-13			787
Animal Control Fund	A-14			44
General Capital Fund	A-15			<u>1,003</u>
	A-2			<u>\$ 8,831</u>
 <u>Interfund Analysis</u>				
	<u>Ref.</u>	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Advanced (Returned)
Other Trust Fund	A-13	\$ 27,786	\$ 24,376	\$ 3,410
Animal Control Fund	A-14	2,511	6,836	(4,325)
General Capital Fund	A-15	562	401	161
Federal & State Grant Fund	A-16	<u>210</u>		<u>210</u>
		<u>\$ 31,069</u>	<u>\$ 31,613</u>	<u>\$ (544)</u>
	<u>Ref.</u>			
		A-1		

TOWNSHIP OF FRANKLIN  
STATEMENT OF REVENUES REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

<u>Analysis of Non-Budget Revenue</u>	<u>Ref.</u>		
Treasurer:			
Cable TV Franchise Fee		\$ 2,239	
Insurance Rebates & Refunds		6,959	
Sales of Miscellaneous Items		150	
In Lieu of Taxes		61	
Veterans' & Seniors Citizens'-Administrative Fees		565	
Facilities and Land Rent		532	
Recycling Sales		6,414	
Outstanding Checks Canceled		1,186	
Prior Year Refunds		<u>5,090</u>	
	A-1;A-4		\$ 23,196
Other Trust Fund:			
Police Outside Services Administrative Fees	A-1;A-13		<u>2,955</u>
	A-2		<u>\$ 26,151</u>



TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
Mayor and Council:					
Salaries and Wages	\$ 18,498	\$ 18,498	\$ 18,100	\$ 398	
Municipal Clerk:					
Salaries and Wages	106,445	100,395	91,639	8,756	
Other Expenses	58,100	58,100	38,525	19,575	
Financial Administration:					
Salaries and Wages	38,100	38,100	37,948	152	
Other Expenses	5,000	5,000	1,935	3,065	
Audit Services	26,000	26,000	23,500	2,500	
Assessment of Taxes:					
Salaries and Wages	25,670	25,670	25,670		
Other Expenses:					
Miscellaneous Other	22,000	7,000	481	6,519	
Preparation of Master Plan	10,000	10,000		10,000	
Revision of Tax Map	10,000	10,000	2,455	7,545	
Revenue Administration:					
Salaries and Wages	15,000	15,000	15,000		
Other Expenses	4,800	4,800	2,734	2,066	
Legal Services and Costs:					
Other Expenses	125,000	175,000	150,726	24,274	
Municipal Prosecutor:					
Salaries and Wages	11,880	11,880	11,880		
Land Use Administration:					
Planning Board:					
Salaries and Wages	9,888	9,888	9,888		
Other Expenses	20,000	20,000	8,901	11,099	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Land Use Administration: (Cont'd)					
Board of Adjustment:					
Salaries and Wages	\$ 6,366	\$ 6,366	\$ 6,365	\$ 1	
Environmental Commission:					
Salaries & Wages	1,317	1,317	1,316	1	
Other Expenses	8,000	8,000	373	7,627	
Code Enforcement:					
Construction Official:					
Salaries and Wages	79,682	85,732	85,718	14	
Other Expenses	12,000	12,000	6,694	5,306	
Insurance:					
Other Insurance Premiums	2,000	2,000	836	1,164	
General Liability	124,465	124,465	124,364	101	
Surety Bond Premiums	500	500		500	
Group Insurance & Health Benefits	205,320	205,320	199,114	6,206	
Public Safety:					
Police:					
Salaries & Wages	550,535	551,035	550,995	40	
Other Expenses	63,320	62,820	22,927	39,893	
First Aid Organization-Contribution	18,000	18,000	18,000		
Office of Emergency Management:					
Salaries and Wages	1,266	1,266	1,266		
Other Expenses	7,760	7,760	4,199	3,561	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	225,000	237,000	233,579	3,421	
Other Expenses	130,205	83,205	77,677	5,528	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Public Works: (Cont'd)					
Snow Removal:					
Salaries and Wages	\$ 26,000	\$ 26,000	\$ 23,985	\$ 2,015	
Other Expenses	65,510	65,510	43,690	21,820	
Solid Waste Collection:					
Salaries and Wages	7,000	7,000	5,755	1,245	
Other Expenses	15,000	15,000	11,415	3,585	
Public Buildings and Grounds:					
Salaries and Wages	5,891	5,891	5,891		
Other Expenses	15,000	15,000	7,896	7,104	
Vehicle Maintenance:					
Other Expenses	11,500	11,500	5,257	6,243	
Recycling:					
Salaries and Wages	4,800	4,800	3,496	1,304	
Other Expenses	3,000	3,000	1,924	1,076	
Health and Human Services:					
Board of Health:					
Salaries and Wages	13,000	12,200	7,290	4,910	
Other Expenses	2,000	2,000	396	1,604	
Social Services-Donations	1,000	1,000		1,000	
Animal Control:					
Other Expenses	7,000	7,800	7,770	30	
Parks and Recreation:					
Recreation Committee:					
Other Expenses	5,000	5,000	5,000		
Senior Citizen Contribution	8,000	8,000	8,000		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Utilities:					
Gasoline and Diesel Fuel	\$ 35,000	\$ 35,000	\$ 28,111	\$ 6,889	
Heating Oil	12,000	12,000	4,418	7,582	
Electricity	13,000	13,000	10,971	2,029	
Telephone	13,000	13,000	11,730	1,270	
Street Lighting	6,300	6,300	4,917	1,383	
Total Operations Within "CAPS"	<u>2,211,118</u>	<u>2,211,118</u>	<u>1,970,717</u>	<u>240,401</u>	\$ -
Contingent	2,500	2,500	-	2,500	-
Total Operations Including Contingent Within "CAPS"	<u>2,213,618</u>	<u>2,213,618</u>	<u>1,970,717</u>	<u>242,901</u>	<u>-</u>
Detail:					
Salaries and Wages	1,146,338	1,158,038	1,135,781	22,257	-
Other Expenses (Including Contingent)	1,067,280	1,055,580	834,936	220,644	-
Deferred Charges & Statutory Expenditures:					
Deferred Charges:					
Prior Year Bills	2,683	2,683	2,683		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges & Statutory Expenditures: (Cont'd)					
Statutory Expenditures:					
Police & Firemen's Retirement System of NJ	\$ 97,770	\$ 97,770	\$ 97,770		
Public Employees Retirement System of NJ	43,488	43,488	43,488		
Social Security System (OASI)	103,000	103,000	91,226	\$ 11,774	
Unemployment Insurance	20,000	20,000	20,000		
Total Deferred Charges & Statutory Expenditures- Municipal Within "CAPS"	<u>266,941</u>	<u>266,941</u>	<u>255,167</u>	<u>11,774</u>	<u>\$ -</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>2,480,559</u>	<u>2,480,559</u>	<u>2,225,884</u>	<u>254,675</u>	<u>-</u>
Operations Excluded from "CAPS":					
Insurance:					
Group Insurance & Health Benefits	22,680	22,680	17,722	4,958	
Council on Affordable Housing:					
Salaries and Wages	6,302	6,302	6,302		
Other Expenses	5,000	5,000		5,000	
Municipal Court:					
Other Expenses	113,500	113,500	113,016	484	
Public & Private Programs Offset by Revenues:					
Matching Funds for Grants	5,000	5,000		5,000	
Division of Highway Traffic Safety-Occupant Protection Program-"Click It or Ticket 2010":					
Salaries and Wages		4,000	4,000		
Division of Criminal Justice Body Armor Fund:					
Police:					
Other Expenses	647	1,620	1,620		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS": (Cont'd)					
Public & Private Programs Offset by Revenues (Cont'd):					
Drunk Driving Enforcement Fund:					
Salaries & Wages	\$ 1,450	\$ 2,964	\$ 2,964		
Division of Highway Traffic Safety-2010 Holiday Statewide Crackdown					
Salaries & Wages		5,000	5,000		
Police Emergency Management Grant:					
Other Expenses	5,000	5,000	5,000		
Clean Communities Program:					
Other Expenses	9,193	9,193	9,193		
<b>Total Operations Excluded from "CAPS"</b>	<b>168,772</b>	<b>180,259</b>	<b>164,817</b>	<b>\$ 15,442</b>	<b>\$ -</b>
Detail:					
Salaries and Wages	7,752	14,266	14,266	-	-
Other Expenses	161,020	165,993	150,551	15,442	-
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	102,000	102,000	102,000		
<b>Total Capital Improvements-Excluded from "CAPS"</b>	<b>102,000</b>	<b>102,000</b>	<b>102,000</b>	<b>-</b>	<b>-</b>
Municipal Debt Service-Excluded from "CAPS":					
Interest on Notes	11,500	11,500	4,184		7,316
Loan Repayment for Principal and Interest	38,748	38,748	38,748		
<b>Total Municipal Debt Service-Excluded from "CAPS"</b>	<b>50,248</b>	<b>50,248</b>	<b>42,932</b>	<b>-</b>	<b>7,316</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges-Municipal-Excluded from "CAPS":					
Special Emergency Authorizations-5 Years (NJS 40A:4-55)	\$ 5,500	\$ 5,500	\$ 5,500		
Deferred Charges to Future Taxation-Unfunded:					
Hogback Road Drainage Improvements Ordinance 07-09	10,800	10,800	10,800		
Acquisition of a Loader Ordinance 08-11	2,000	2,000	2,000		
Acquisition of Real Property Ordinance 09-05	99,200	99,200	99,200		
Total Deferred Charges-Municipal-Excluded from "CAPS"	<u>117,500</u>	<u>117,500</u>	<u>117,500</u>	\$ -	\$ -
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>438,520</u>	<u>450,007</u>	<u>427,249</u>	<u>15,442</u>	<u>7,316</u>
Subtotal General Appropriations	2,919,079	2,930,566	2,653,133	270,117	7,316
Reserve for Uncollected Taxes	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>		
Total General Appropriations	<u>\$ 3,169,079</u>	<u>\$ 3,180,566</u>	<u>\$ 2,903,133</u>	<u>\$ 270,117</u>	<u>\$ 7,316</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN  
STATEMENT OF EXPENDITURES REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	<u>Ref.</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 2,402,448
Reserve for Uncollected Taxes	A-2	250,000
Due to General Capital Fund	A-15	218,184
Special Emergency Appropriations	A-17	5,500
Reserve for Encumbrances	A-20	17,962
Appropriated Reserve for State Grants	A-30	<u>27,777</u>
		2,921,871
Less: Refunds	A-4	\$ 16,310
Due from Other Trust Fund-Health Insurance		
Withholdings In Payroll Fund	A-13	<u>2,428</u>
		<u>18,738</u>
	A-3	<u>\$ 2,903,133</u>
	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 3,169,079
Appropriation by NJS 40A:4-87	A-2	<u>11,487</u>
	A-3	<u>\$ 3,180,566</u>



TOWNSHIP OF FRANKLIN  
COMPARATIVE SHEET-REGULATORY BASIS  
TRUST FUND

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>ASSETS</b>			
Animal Control Fund:			
Cash-Treasurer	B-1	\$ 15,053	\$ 16,398
		<u>15,053</u>	<u>16,398</u>
Other Trust Fund:			
Cash-Treasurer	B-1	1,664,775	1,514,930
Fair Housing Loan Receivable	B-16	36,000	56,000
		<u>1,700,775</u>	<u>1,570,930</u>
<b>TOTAL ASSETS</b>		<u>\$ 1,715,828</u>	<u>\$ 1,587,328</u>
<b>LIABILITIES AND RESERVES</b>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	\$ 12,542	\$ 9,562
Due to Current Fund	B-5	2,511	6,836
		<u>15,053</u>	<u>16,398</u>
Other Trust Fund:			
Due to Current Fund	B-3	27,786	24,376
Reserve for COAH Development Fees	B-7	286,272	279,640
Reserve for Developers' Deposits	B-8	291,412	307,582
Reserve for Fair Housing Program	B-9	557,141	557,515
Reserve for Special Deposits	B-10	508	1,235
Reserve for Unemployment Compensation	B-11	3,162	622
Reserve for Recreation Commission	B-12	21,395	26,012
Reserve for Open Space Preservation	B-13	436,854	243,486
Reserve for Storm Water Management	B-14	18,000	18,000
Reserve for Payroll	B-15	7,808	15,488
Reserve for Fair Housing Loan Receivable	B-16	36,000	56,000
Reserve for Tax Sale Premium	B-17	4,100	26,900
Reserve for DARE Escrow	B-18	5,983	6,983
Accounts Payable	B-20	4,354	7,091
		<u>1,700,775</u>	<u>1,570,930</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u>\$ 1,715,828</u>	<u>\$ 1,587,328</u>

TOWNSHIP OF FRANKLIN  
COMPARATIVE SHEET-REGULATORY BASIS  
GENERAL CAPITAL FUND

	Ref.	Balance Dec. 31, 2010	Balance Dec. 31, 2009
<b>ASSETS</b>			
Cash-Treasurer	C-2	\$ 697,974	\$ 426,594
Due from Federal and State Grant Fund	C-5		101,500
Deferred Charges to Future Taxation:			
Funded	C-7	426,678	456,445
Unfunded	C-8	2,950,145	2,872,645
<b>TOTAL ASSETS</b>		<u>\$ 4,074,797</u>	<u>\$ 3,857,184</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes Payable	C-15	\$ 800,000	\$ 888,000
Green Acres Loan Payable	C-16	426,678	456,445
Due to Current Fund	C-9	562	401
Improvement Authorizations:			
Funded	C-10	259,406	297,318
Unfunded	C-10	762,368	424,070
Capital Improvement Fund	C-11	665,356	630,523
Reserve for Acquisition, Development & Easements for Farmland Preservation	C-12	105,785	105,785
Reserve for Purchase of Emergency Medical Service Equipment	C-13	20,000	20,000
Reserve for Payment of Bonds & Notes	C-14	371,748	371,748
Fund Balance	C-1	662,894	662,894
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 4,074,797</u>	<u>\$ 3,857,184</u>
 Bonds and Notes Authorized But Not Issued	 C-17	 <u>\$ 2,187,645</u>	 <u>\$ 1,984,645</u>

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

	<u>Ref.</u>	
Balance December 31, 2009	C	<u>\$ 662,894</u>
Balance December 31, 2010	C	<u><u>\$ 662,894</u></u>

**NOTES TO FINANCIAL STATEMENTS**

TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Except as noted below, the financial statements of the Township of Franklin (the Municipality) include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Franklin, as required by NJS 40A:5-5.

B. Description of Funds

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs, (State of New Jersey). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds:

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

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

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

Account Groups:

General Fixed Assets Account Group - to account for all fixed assets of the Municipality. Neither infrastructure or depreciation of assets of the municipality are recorded in the group.

C. Basis of Accounting

The accounting policies of the Municipality conform to the accounting principles and practices prescribed for municipalities by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. The aforementioned policies differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in part D of Note 1.

A modified accrual basis of accounting is followed with minor exceptions.

Budget and Budgetary Procedures - the State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (NJSA 40A:4-1). The municipality is only required to adopt budgets for the Current Fund and Utility Funds, if applicable.

TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Basis of Accounting (Cont'd)

Budget and Budgetary Procedures (Cont'd)

The municipality must introduce and approve its annual budget no later than February 10<sup>th</sup> and adopt no later than March 20<sup>th</sup> of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Basis of Accounting (Cont'd)

Tax Title Liens - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner. The Municipality may choose to foreclose and return the property to the tax rolls.

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

Deferred Charges to Future Taxation-Funded and Unfunded (Capital Fund) - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

D. Departures from Generally Accepted Accounting Principles

As noted the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model-These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Reporting Entity-These financial statements do not include the operations of the local and regional school districts, fire district and first aid squads which are subject to separate reporting. Included within these statements are taxes levied, collected and transferred to the school districts, fire district and contributions to the volunteer first aid squads.
3. Revenues-GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
4. Expenditures-GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
5. Foreclosed Property-GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
6. Interfunds-GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when interfunds are liquidated.
7. Inventories-GAAP requires inventories to be reported on the balance sheet at year end.
8. Fixed Assets-GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
9. Grant Accounting-GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
10. Capital Funds-GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporate these transactions within one fund.

It is not practicable to determine the effect of these differences on the financial statements.



TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

State Requirements for Deposits and Investments

New Jersey statutes require each local unit to adopt a cash management plan and shall deposit and/or invest according to that plan, which shall include:

1. The designation of public depositories as defined in Section 1 of PL 1970 Ch 236 (C17:9-41) and permit deposits in designated depositories;
2. The designation of any fund that meets the requirements established pursuant to Section 8 PL 1977, Ch 396(C40A5-15.1);
3. The authorization for investments as permitted pursuant to Section 8 of PL 1977, Ch 396 (C.40A:5-15.1); or
4. Any combination of these designations or authorizations.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the municipality are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the municipality has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the municipality has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the municipality has no such investments, this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the municipality may invest with any one issuer. As of December 31, 2010, the municipality had 100% of its investments in the New Jersey Cash Management Fund.

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 3: TAX ASSESSMENTS AND PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey Statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey Statutes.

**NOTE 4: LONG-TERM DEBT**

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the municipality are general full faith and credit obligations.

Summary of Municipal Debt

	<u>Year 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
Issued:			
General:			
Bonds and Notes	\$ 1,226,678	\$ 1,344,445	\$ 3,185,626
Authorized but not Issued:			
General:			
Bonds and Notes	<u>2,187,645</u>	<u>1,984,645</u>	<u>1,783,750</u>
Bonds and Notes Issued & Authorized but not Issued	<u>\$ 3,414,323</u>	<u>\$ 3,329,090</u>	<u>\$ 4,969,376</u>

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 4: LONG-TERM DEBT** (Cont'd)

Summary of Statutory Debt Condition-Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 9,927,415	\$ 9,927,415	
Regional School District	301,732	301,732	
General Debt	<u>3,414,323</u>	<u>409,248</u>	<u>\$ 3,005,075</u>
	<u>\$ 13,643,470</u>	<u>\$ 10,638,395</u>	<u>\$ 3,005,075</u>

Net Debt \$3,005,075 divided by Equalized Valuation Basis per NJS 40A:2-2 as amended, \$604,880,686 equals .50%.

Borrowing Power Under NJS 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,170,824
Net Debt	<u>3,005,075</u>
Remaining Borrowing Power	<u>\$ 18,165,749</u>

Changes in Long-Term Debt

During the year ended December 31, 2010, the following changes occurred in Long-Term Debt.

	<u>Balance</u> <u>Jan. 01, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Issued Debt:				
General Capital:				
Bond Anticipation Notes	\$ 888,000		\$ 88,000	\$ 800,000
Green Acres Loan Payable	456,445		29,767	426,678
Authorized But Not Issued Debt:				
General Capital:				
Bonds and Notes	<u>1,984,645</u>	<u>\$ 315,000</u>	<u>112,000</u>	<u>2,187,645</u>
<b>Total</b>	<u>\$ 3,329,090</u>	<u>\$ 315,000</u>	<u>\$ 229,767</u>	<u>\$ 3,414,323</u>

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 4: LONG-TERM DEBT (Cont'd)**

Schedule of Annual Debt Service for Principal and Interest for Outstanding NJ Green Acres Loans

On August 27, 2003, the Municipality received the first drawdown on a loan in the amount of \$500,000 from the New Jersey Department of Environmental Protection Green Trust Loan Program. The last drawdown was received on December 14, 2010. Bi-annual principal and interest installments with principal payments ranging from \$14,374 to \$19,182 begin September 14, 2010 and continue through March 14, 2023. The interest rate on the loan is 2.00%. The purpose of the loan is to finance the acquisition of open space lands and easements.

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 30,366	\$ 8,382	\$ 38,748
2012	30,976	7,772	38,748
2013	31,598	7,150	38,748
2014	32,234	6,514	38,748
2015	32,882	5,866	38,748
2016-2020	174,591	19,149	193,740
2021-2023	94,031	2,840	96,871
	<u>\$ 426,678</u>	<u>\$ 57,673</u>	<u>\$ 484,351</u>

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011, were as follows:

Current Fund \$ 477,525

**NOTE 6: SCHOOL TAXES**

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>
Balance of Tax (Overpaid) Deferred	\$ 70,000	\$ -0-	\$ 1,589,244 468,430	\$ 1,639,117 468,430
Tax Payable (Overpaid)	<u>\$ 70,000</u>	<u>\$ -0-</u>	<u>\$ 1,120,814</u>	<u>\$ 1,170,687</u>

TOWNSHIP OF FRANKLIN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

**NOTE 7: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	Balance Dec. 31, 2010	Balance Dec. 31, 2009
Prepaid Taxes	\$ 74,380	\$ 184,967
Less: Discount Allowed	-0-	-0-
Cash Liability for Taxes Collected in Advance	\$ 74,380	\$ 184,967

**NOTE 8: PENSIONS**

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) The Consolidated Police and Firemen's Pension Fund
- (3) The Police and Firemen's Retirement System

The plans are considered cost sharing multiple-employer plans.

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer contributory defined benefit plan which was established in January of 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Significant legislation which became effective July 1, 2007 under Chapter 103, PL 2007 changed the contribution rate for PERS to 5.5% of annual compensation, imposed an annual maximum wage contribution base and amended the early retirement reduction formula for new members.

The State of New Jersey Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer contributory defined benefit plan which was established in July of 1944 under the provisions of NJSA 43:16A. It's designated purpose is to provide retirement, death and disability benefits to its members. Membership is mandatory for substantially all full-time county and municipal police or firemen, and state firemen or officer employees with police powers appointed after June 30, 1944. All benefits vest after ten years of service except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final compensation for each year of service up to 30 years plus 1% for years of service in excess of 30 years.

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 8: PENSIONS (Cont'd)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for PERS. 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.

The contribution policy for PERS and PFRS are set by New Jersey State Statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and are currently 5.5% for PERS and 8.5% for PFRS. Funding by the municipality is at an actuarially determined rate. Three year trend information for PERS and PFRS contributions are as follows:

Year Funded	PFRS		PERS	
	Annual Contribution		Annual Contribution	
	Municipality	Employee	Municipality	Employee
2010	\$ 97,770	\$ 36,984	\$ 43,488	\$ 24,763
2009	76,923	40,651	40,946	27,810
2008	73,318	38,002	27,562	27,121

The Federal Insurance Contribution Act also covers township employees.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is available from the State Retirement System.

**NOTE 9: POST-RETIREMENT BENEFITS**

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The Municipality contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The Municipality adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasur/pension/pdf/financial/gasb-43-aug2010.pdf>

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 9: POST-RETIREMENT BENEFITS (Cont'd)**

**Funding Policy-** Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality on a monthly basis. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

The Municipality's contributions to the SHBP for post retirement benefits for the years ended December 31, 2010, 2009, and 2008, were \$0, \$0, and \$0, which equaled the required benefit contribution for each year. There were no retired participants eligible at December 31, 2010, 2009 and 2008.

**NOTE 10: DEFERRED COMPENSATION PLAN**

The Municipality has a deferred compensation plan available to employees. The plan has been established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey Statutes and the New Jersey Administrative Code section NJAC 5:37.

Under the arrangement, a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more investments permitted under state regulations. The Municipality's plan is administered by Nationwide Retirement Solutions, which is audited by another public accounting firm. The plan is fully contributory, and the Municipality has no liabilities related to the plan.

**NOTE 11: ACCRUED SICK AND VACATION BENEFITS**

The Municipality has permitted employees to accrue vacation, sick and compensatory pay which may be taken 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 \$77,611. This amount, which is not considered material to the financial statements, is not reported either as an expenditure or liability.

**NOTE 12: FIXED ASSETS**

The following schedule is a summarization of the changes in general fixed assets for the year ended December 31, 2010:

	Balance Dec.31, 2009	Additions	Deletions	Balance Dec.31, 2010
Sites	\$ 6,149,577			\$ 6,149,577
Building & Building Improvements	498,769			498,769
Furniture, Machinery & Equipment	1,271,274	\$ 48,455	\$ 42,043	1,277,686
	<u>\$ 7,919,620</u>	<u>\$ 48,455</u>	<u>\$ 42,043</u>	<u>\$ 7,926,032</u>

TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 13: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the various balance sheets at December 31, 2010:

Fund	Interfund Receivables	Interfund Payables
Current Fund:		
Due from General Capital Fund	\$ 562	
Due from Other Trust Fund	27,786	
Due from Animal Control	2,511	
Federal & State Grant Fund:		
Due to Current Fund		\$ 210
General Capital Fund:		
Due to Capital Fund		562
Due from Federal & State Grant Fund	210	
Animal Control Fund:		
Due to Current Fund		2,511
Other Trust Fund:		
Due to Current Fund		27,786
	<u>\$ 31,069</u>	<u>\$ 31,069</u>

The balance due from the Other Trust Fund to the Current Fund represents interest earnings. The balance due from the Animal Control Fund to the Current Fund represents excess funds in the Reserve for Animal Control Expenditures due to the Current Fund and interest earnings. The balances due from the General Capital Fund to the Current Fund represents interest earnings. The balance due from the Federal and State Grant Fund to the Current Fund represents a matching grant balance canceled which is due to the Current Fund. All of the interfund balances are to be liquidated within one year.

**NOTE 14: CONTINGENT LIABILITIES**

The Municipality is involved in various claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Municipality.



TOWNSHIP OF FRANKLIN  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2010  
 (Continued)

**NOTE 15: RISK MANAGEMENT**

The Municipality 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 disaster.

Property and Liability Insurance – The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

New Jersey Unemployment Compensation Insurance - The Municipality has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Municipality is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Municipality is billed quarterly for amounts due to the State. The following is a summary of Municipality contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Municipality's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Municipal Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 20,000	\$ 13	\$ 1,843	\$ 19,316	\$ 3,162
2009	5,000	12	1,747	11,363	622
2008	1,500	54	1,728	5,536	5,226

**SUPPLEMENTARY SCHEDULES**

TOWNSHIP OF FRANKLIN  
COUNTY OF HUNTERDON  
2010  
CURRENT FUND

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CURRENT FUND CASH-TREASURER

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance December 31, 2009	A	\$ 3,527,494	\$ 117,499
Increased by Receipts:			
Collector of Taxes	A-6	\$ 12,679,371	
Due from State of New Jersey	A-8	28,250	
Nonbudget Revenues	A-2	23,196	
Interest on Investments	A-2	6,997	
Appropriation Refunds	A-3	16,310	
Revenue Accounts Receivable	A-12	540,768	
Due from Other Trust Fund	A-13	4,641	
Due to Animal Control Fund	A-14	6,836	
Due from General Capital Fund	A-15	842	
State Grants Receivable	A-18		\$ 30,527
State & County Fees Payable	A-26	4,225	
		<u>13,311,436</u>	
		16,838,930	<u>30,527</u>
			148,026

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CURRENT FUND CASH-TREASURER  
(Continued)

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by Disbursements:			
Budget Expenditures	A-3	\$ 2,402,448	
Due to Outside Lienholders & Other Third Parties	A-6	31,160	
Local Fire District Taxes	A-9	300,000	
Revenue Accounts Receivable	A-12	1,993	
Due from Other Trust Fund	A-13	282,241	
Due from General Capital Fund	A-15	218,184	
Appropriation Reserve Expenditures	A-19	62,323	
Tax Overpayments Refunded	A-22	1,853	
Regional High School Taxes	A-23	3,228,361	
Local District School Taxes	A-24	5,394,174	
County Taxes	A-25	2,089,170	
State & County Fees Payable	A-26	3,600	
Due to General Capital Fund	A-29		\$ 101,500
Appropriated Reserves for State Grants	A-30		23,008
		<u>\$ 14,015,507</u>	<u>\$ 124,508</u>
Balance December 31, 2010	A;A-5	<u>\$ 2,823,423</u>	<u>\$ 23,518</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CASH AND RECONCILIATION  
PER NJS 40A:5.5-TREASURER

	Ref.	Regular Fund	Federal & State Grant Fund
Balance December 31, 2010	A-4	\$ 2,823,423	\$ 23,518
Increased by:			
Receipts		1,264,965	7,061
		4,088,388	30,579
Decreased by:			
Disbursements		2,828,226	5,496
		2,828,226	5,496
Balance February 28, 2011		\$ 1,260,162	\$ 25,083
 <u>Cash Reconciliation February 28, 2011</u>			
Balance Per Statement:			
TD Bank		\$ 1,265,983	\$ 29,904
New Jersey Cash Management Fund		86,507	
		1,352,490	29,904
Less: Outstanding Checks		92,328	4,821
		92,328	4,821
Book Balance		\$ 1,260,162	\$ 25,083

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CURRENT FUND CASH-TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ -
Increased by Receipts:			
Taxes Receivable	A-9	\$ 12,514,747	
Due to Outside Lienholders & Other Third Parties	A-4	31,160	
Revenue Accounts Receivable	A-12	42,686	
Prepaid Taxes	A-21	74,380	
Tax Overpayments	A-22	<u>16,398</u>	
			<u>12,679,371</u>
			12,679,371
Decreased by Disbursements:			
Paid Treasurer	A-4		<u>12,679,371</u>
Balance December 31, 2010	A;A-7		<u><u>\$ -</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CASH AND RECONCILIATION  
PER NJS 40A:5.5-COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2010	A-6	\$ -
Increased by:		
Receipts		<u>2,995,386</u>
		2,995,386
Decreased by:		
Disbursements		<u>1,219,392</u>
		1,219,392
Balance February 28, 2011		<u>\$ 1,775,994</u>
<u>Cash Reconciliation February 28, 2011</u>		
Balance Per Statement:		
TD Bank		<u>\$ 1,775,994</u>
Book Balance		<u>\$ 1,775,994</u>



TOWNSHIP OF FRANKLIN  
 SCHEDULE OF DUE FROM STATE OF NEW JERSEY-  
 VETERANS' AND SENIOR CITIZENS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 7,833
Increased by:			
Veterans' Deductions per Tax Billings		\$ 25,000	
Senior Citizens' Deductions per Tax Billings		2,750	
Deductions Allowed by Tax Collector:			
Senior Citizens'		500	
Veterans'		<u>250</u>	
	A-9		<u>28,500</u>
			36,333
Decreased by:			
Receipts	A-4	28,250	
Less: Prior Year Senior Citizens' Deductions			
Disallowed by Tax Collector	A-1	<u>500</u>	
			<u>28,750</u>
Balance December 31, 2010	A		<u><u>\$ 7,583</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance 12/31/2009	Levy 2010	Added 2010	Collected		Transferred to Tax Title Liens	Senior Citizens' & Veterans' Deductions	Tax Overpayments Applied	Cancellations	Balance 12/31/2010
				2009	2010					
2009	\$ 186,788		\$ 3,909		\$ 176,383	\$ 14,314				
2010		\$ 12,756,097		\$ 184,967	12,338,364	15,242	\$ 28,500	\$ 4,861	\$ 15,953	\$ 168,210
	<u>\$ 186,788</u>	<u>\$ 12,756,097</u>	<u>\$ 3,909</u>	<u>\$ 184,967</u>	<u>\$ 12,514,747</u>	<u>\$ 29,556</u>	<u>\$ 28,500</u>	<u>\$ 4,861</u>	<u>\$ 15,953</u>	<u>\$ 168,210</u>
	A	Reserve	Reserve	A-21	A-6	A-10	A-8	A-22	Reserve	A

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TAXES RECEIVABLES AND ANALYSIS  
OF PROPERTY TAX LEVY  
(Continued)

	Ref.	
<u>Analysis of Current Year Property Tax</u>		
Tax Yield:		
General Purpose Tax		\$ 12,739,699
Added and Omitted Taxes		16,398
	A-9	\$ 12,756,097
Tax Levy:		
Local District School Tax	A-24	\$ 5,464,174
Regional District School Tax	A-23	3,178,488
County Regular Tax		\$ 1,745,712
County Library Tax		146,893
County Open Space Tax		181,931
County Share of Added and Omitted Taxes		2,680
Total County Taxes	A-25	2,077,216
Local Fire District	A-2;A-4	300,000
Municipal Open Space Tax		280,000
Municipal Open Space Share of Added and Omitted Taxes		360
Total Municipal Open Space Tax	A-13	280,360
Municipal Purpose Tax	A-2	1,440,000
Additional Tax Levied		15,859
Total Municipal Purpose Tax		1,455,859
	A-9	\$ 12,756,097

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 23,426
Increased by:			
Transferred from Taxes Receivable	A-9	\$ 29,556	
Interest and Costs on Tax Sale	Reserve	<u>3,316</u>	
			<u>32,872</u>
Balance December 31, 2010	A		<u><u>\$ 56,298</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	<u>Ref.</u>		
Balance December 31, 2009	A		<u>\$ 400</u>
Balance December 31, 2010	A		<u><u>\$ 400</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2009	Accrued in 2010	Collected	Balance Dec. 31, 2010
Alcoholic Beverage Licenses	A-2		\$ 5,400	\$ 5,400	
Fees & Permits	A-2		15,486	15,486	
Municipal Court	A-2		108,376	108,376	
Interest & Costs on Taxes	A-2		42,686	42,686	
Hotel & Motel Occupancy Fee	A-2		73,866	73,866	
Consolidated Municipal Property Tax Relief Aid	A-2		20,155	20,155	
Energy Receipts Tax	A-2		239,142	239,142	
Uniform Construction Code Fees	A-2		76,350	76,350	
		<u>\$ -</u>	<u>\$ 581,461</u>	<u>\$ 581,461</u>	<u>\$ -</u>
	<u>Ref.</u>	A	Reserve	Below	A
Treasurer's Receipts	A-4			\$ 540,768	
Tax Collector's Receipts	A-6			42,686	
				<u>583,454</u>	
Less: Refunds	A-4			1,993	
				<u>\$ 581,461</u>	

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM OTHER TRUST FUNDS

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 24,376
Increased by:			
Outside Police Services Administrative Fees	A-1	\$ 2,955	
Interest on Investments	A-2	787	
Payroll Agency Health Insurance Withholdings	A-3	2,428	
Disbursements	A-4	<u>282,241</u>	
			<u>288,411</u>
			312,787
Decreased by:			
Receipts	A-4	4,641	
Current Year Open Space Tax Levy	A-9	<u>280,360</u>	
			<u>285,001</u>
Balance December 31, 2010	A		<u>\$ 27,786</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM ANIMAL CONTROL FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 6,836
Increased by:			
Interest on Investments	A-2	\$ 44	
Statutory Excess in Reserve for Animal Control Expenditures	A-1	<u>2,467</u>	
			<u>2,511</u>
			9,347
Decreased by:			
Receipts	A-4		<u>6,836</u>
Balance December 31, 2010	A		<u>\$ 2,511</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ 401
Increased by:			
Interest on Investments	A-2	\$ 1,003	
Disbursements	A-4	<u>218,184</u>	
			<u>219,187</u>
			219,588
Decreased by:			
Current Year Budget Appropriation	A-3	218,184	
Receipts	A-4	<u>842</u>	
			<u>219,026</u>
Balance December 31, 2010	A		<u><u>\$ 562</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>		
Balance December 31, 2009	A		\$ -
Increased by:			
Grant Balances Canceled	A-1		<u>210</u>
Balance December 31, 2010	A		<u><u>\$ 210</u></u>

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF DEFERRED CHARGES NJS 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Authorized</u>	<u>Balance 12/31/2009</u>	<u>Added in 2010</u>	<u>Raised in 2010 Budget</u>	<u>Balance 12/31/2010</u>
5/12/2005	Revisions to Master Plan	\$ 27,500	\$ 5,500	\$ 5,500	\$ -	\$ 5,500	\$ -
				A		A-3	A



TOWNSHIP OF FRANKLIN  
SCHEDULE OF STATE GRANTS RECEIVABLE

Grant	Balance 12/31/2009	Revenue in 2010	Received	Balance 12/31/2010
Division of Criminal Justice				
Body Armor Fund		\$ 1,620	\$ 1,620	
ANJEC Natural				
Resources Grant	\$ 7,750		7,750	
Division of Highway Traffic Safety-2010				
Holiday Statewide Crackdown		5,000		\$ 5,000
Police Emergency Management Grant		5,000	5,000	
Drunk Driving Enforcement Fund		2,964	2,964	
Clean Communities Grant		9,193	9,193	
Division of Highway Traffic Safety - Occupant Protection Program- "Click It or Ticket 2010"		4,000	4,000	
	<u>\$ 7,750</u>	<u>\$ 27,777</u>	<u>\$ 30,527</u>	<u>\$ 5,000</u>
<u>Ref.</u>	A	A-2	A-4	A

TOWNSHIP OF FRANKLIN  
SCHEDULE OF APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2010

	Balance 12/31/2009	Balance After Transfer	Expended	Balance Lapsed
Mayor and Council:				
Salaries and Wages	\$ 3	\$ 3		\$ 3
Municipal Clerk:				
Salaries and Wages	70	70		70
Other Expenses	7,497	8,797	\$ 2,907	5,890
Financial Administration:				
Salaries and Wages	26,760	25,460	11,160	14,300
Other Expenses	96	96	29	67
Audit Services	950	950		950
Assessment of Taxes:				
Other Expenses:				
Miscellaneous Other	1,491	1,491	285	1,206
Preparation of Master Plan	1,000	1,000		1,000
Revision of Tax Map	25	25		25
Revenue Administration:				
Other Expenses	698	698	362	336
Legal Services and Costs:				
Other Expenses	10,449	18,949	18,527	422
Planning Board:				
Salaries and Wages	100	100		100
Other Expenses	5,357	5,357		5,357
Environmental Commission:				
Salaries and Wages	1	1		1
Other Expenses	3,653	3,653	220	3,433
Insurance:				
General Liability	1	1		1
Group Insurance & Health Benefits	1,309	1,309	(2,089)	3,398
Surety Bond Premiums	500	500		500
Other Insurance Premiums	1,199	1,199	58	1,141
Construction Code Official:				
Salaries and Wages	14	264	225	39
Other Expenses	5,602	5,352	2,276	3,076
Police:				
Salaries and Wages	495	895	564	331
Other Expenses	4,862	4,462	405	4,057
First Aid Organization-Contribution	10,900	10,900	3,500	7,400
Office of Emergency Management:				
Other Expenses	1,004	1,004	235	769
Recreation:				
Other Expenses	7,000	7,000		7,000
Senior Citizen Contribution	3,000	3,000	3,000	

TOWNSHIP OF FRANKLIN  
SCHEDULE OF APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2010  
(Continued)

	Balance 12/31/2009	Balance After Transfer	Expended	Balance Lapsed
Road Repairs and Maintenance:				
Salaries and Wages	\$ 22,015	\$ 25,515	\$ 5,731	\$ 19,784
Other Expenses	18,567	15,067	1,344	13,723
Snow Removal:				
Salaries & Wages	5,515	5,045	5,038	7
Other Expenses	350	820	802	18
Solid Waste Collection:				
Salaries & Wages	2,674	2,674		2,674
Other Expenses	3,990	3,990	(1,098)	5,088
Public Buildings and Grounds:				
Salaries & Wages	1	1		1
Other Expenses	1,599	1,599	559	1,040
Vehicle Maintenance:				
Other Expenses	2,815	2,815	116	2,699
Recycling:				
Salaries and Wages	928	928		928
Other Expenses	4,393	4,393	566	3,827
Board of Health:				
Salaries and Wages	855	855		855
Other Expenses	1,158	1,158		1,158
Social Services-Donations	1,000	1,000		1,000
Animal Control:				
Other Expenses	1,591	1,591		1,591
Utilities:				
Gasoline and Diesel Fuel	16,531	8,031	3,206	4,825
Heating Oil	6,465	6,465	2,398	4,067
Electricity	1,335	1,335	1,000	335
Telephone	2,260	2,260	581	1,679
Street Lighting	2,098	2,098	416	1,682
Contingent	2,500	2,500		2,500
Contribution to:				
Social Security System	10,023	10,023		10,023
Council on Affordable Housing:				
Salaries and Wages	189	189		189
Municipal Court:				
Other Expenses	6,342	6,342		6,342
Matching Funds	2,250	2,250		2,250
	<u>\$ 211,480</u>	<u>\$ 211,480</u>	<u>\$ 62,323</u>	<u>\$ 149,157</u>
	A		A-4	A-1

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ -
Increased by:		
Current Year Budget Charges	A-3	<u>17,962</u>
Balance December 31, 2010	A	<u>\$ 17,962</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 184,967
Increased by:		
Collection of Subsequent Year's Taxes	A-6	74,380
		<u>259,347</u>
Decreased by:		
Applied to Current Year Taxes Receivable	A-9	184,967
		<u>184,967</u>
Balance December 31, 2010	A	<u>\$ 74,380</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 4,861
Increased by:		
Overpayments Received	A-6	16,398
		<u>21,259</u>
Decreased by:		
Refunded	A-4	\$ 1,853
Applied to Taxes Receivable	A-9	4,861
		<u>6,714</u>
Balance December 31, 2010	A	<u>\$ 14,545</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009:			
School Tax Payable	A	\$ 1,170,687	
School Tax Deferred (14.29%)		<u>468,430</u>	
			\$ 1,639,117
Increased by:			
Levy-School Year July 1, 2010 to June 30, 2011	A-9		<u>3,178,488</u>
			4,817,605
Decreased by:			
Disbursements	A-4		<u>3,228,361</u>
Balance December 31, 2010:			
School Tax Payable	A	1,120,814	
School Tax Deferred (14.29%)		<u>468,430</u>	
			<u>\$ 1,589,244</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 3,228,361
Add: Tax Payable December 31, 2010			<u>1,120,814</u>
			4,349,175
Less: Tax Payable December 31, 2009			<u>1,170,687</u>
Amount Charged to Operations	A-1		<u>\$ 3,178,488</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF LOCAL SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ -
Increased by:		
Current Year Levy	A-1;A-9	5,464,174
		<u>5,464,174</u>
Decreased by:		
Disbursements	A-4	5,394,174
		<u>5,394,174</u>
Balance December 31, 2010	A	<u>\$ 70,000</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 14,634
Increased by:		
Current Year Levy:		
County Taxes		\$ 1,745,712
County Library Tax		146,893
County Open Space Tax		181,931
County Share of Added & Omitted Taxes		2,680
	A-1;A-9	<u>2,077,216</u>
		2,091,850
Decreased by:		
Disbursements	A-4	2,089,170
		<u>2,089,170</u>
Balance December 31, 2010	A	<u>\$ 2,680</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF STATE AND COUNTY FEES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 2,725
Increased by:		
Receipts	A-4	4,225
		<u>6,950</u>
Decreased by:		
Disbursements	A-4	3,600
		<u>3,600</u>
Balance December 31, 2010	A	<u>\$ 3,350</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR GARDEN STATE  
PRESERVATION TRUST FUND

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 1,968
Decreased by:		
Anticipated as Miscellaneous Revenue	A-2	1,968
		<u>1,968</u>
Balance December 31, 2010	A	<u>\$ -</u>



TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO REGULAR FUND  
FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ -
Increased by:		
Grant Balances Canceled	A-30	<u>210</u>
Balance December 31, 2010	A	<u>\$ 210</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO GENERAL CAPITAL FUND  
FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2009	A	\$ 101,500
Decreased by:		
Disbursements	A-4	<u>101,500</u>
Balance December 31, 2010	A	<u>\$ -</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

Grant Period	Grant	Balance 12/31/2009	Transferred from Budget	Paid or Charged	Balances Canceled	Balance 12/31/2010
01/01/08 to 12/31/09	Body Armor Grant	\$ 9		\$ 9		
01/01/09 to 12/31/10	Body Armor Grant	596		596		
01/01/10 to 12/31/11	Body Armor Grant		\$ 1,620	105		\$ 1,515
01/01/08 to 12/31/10	Clean Communities Program	1,124		1,124		
01/01/09 to 12/31/11	Clean Communities Program	8,946		8,946		
01/01/10 to 12/31/11	Clean Communities Program		9,193	1,673		7,520
01/01/07 to 12/31/09	Drunk Driving Enforcement Fund	1,200		1,200		
01/01/08 to 12/31/09	Drunk Driving Enforcement Fund	1,366		500		866
01/01/09 to 12/31/11	Drunk Driving Enforcement Fund	1,334				1,334

TOWNSHIP OF FRANKLIN  
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS  
(Continued)

Grant Period	Grant	Balance 12/31/2009	Transferred from Budget	Paid or Charged	Balances Canceled	Balance 12/31/2010
01/01/10 to 12/31/11	State Police Emergency Management Assistance		\$ 5,000	\$ 2,765		\$ 2,235
01/01/07 to 12/31/09	State Police Emergency Management Assistance	\$ 2,090		2,090		
01/01/07 to 12/31/09	Recycling Tonnage Grant	2,576				2,576
01/01/10 to 12/31/11	Recycling Tonnage Grant	4,298				4,298
01/01/10 to 12/31/11	Division of Highway Traffic Safety - Occupant Protection Program- "Click It or Ticket 2010"		4,000	4,000		
01/01/10 to 12/31/11	Drunk Driving Enforcement Fund		2,964			2,964
01/01/10 to 12/31/11	ANJEC Natural Resources Grant-Matching Funds	210			\$ 210	
01/01/10 to 12/31/11	Division of Highway Traffic Safety - 2010 Holiday Statewide Crackdown		5,000			5,000
		<u>\$ 23,749</u>	<u>\$ 27,777</u>	<u>\$ 23,008</u>	<u>\$ 210</u>	<u>\$ 28,308</u>
	<u>Ref.</u>	A	A-3	A-4	A-28	A

TOWNSHIP OF FRANKLIN  
COUNTY OF HUNTERDON  
2010  
TRUST FUND

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TRUST FUND CASH-TREASURER

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2009	B	\$ 16,398	\$ 1,514,930
Increased by Receipts:			
Due to Current Fund-Other Trust Fund	B-3		\$ 283,028
Animal Control Fund	B-4	\$ 5,569	
Due to Current Fund-Animal Control Fund	B-5	44	
Due from State of New Jersey	B-6	922	
COAH Development Fees	B-7		6,632
Developers' Deposits	B-8		52,104
Fair Housing Program	B-9		1,240
Special Deposits	B-10		23,738
Unemployment Compensation	B-11		20,013
Recreation Commission	B-12		5,981
Open Space Preservation	B-13		16,859
Payroll	B-15		1,642,450
Reserve for DARE Escrow	B-18		2,000
		<u>6,535</u>	<u>2,054,045</u>
		22,933	3,568,975
Decreased by Disbursements:			
Due from Current Fund	B-3		4,641
Animal Control Fund	B-4	122	
Due to Current Fund	B-5	6,836	
Due from State of New Jersey	B-6	922	
Developers' Deposits	B-8		68,274
Fair Housing Program	B-9		1,614
Special Deposits	B-10		21,510
Unemployment Compensation	B-11		14,962
Recreation Commission	B-12		10,598
Open Space Preservation	B-13		8,720
Payroll	B-15		1,645,859
Tax Sale Premium	B-17		22,800
Reserve for DARE Escrow	B-18		3,000
Due to General Capital Fund	B-19		95,131
Accounts Payable	B-20		7,091
		<u>7,880</u>	<u>1,904,200</u>
Balance December 31, 2010	B	<u>\$ 15,053</u>	<u>\$ 1,664,775</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF TRUST FUND CASH AND RECONCILIATION  
PER NJS 40A:5-5-TREASURER

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Fund</u>
Balance December 31, 2010	B-1	\$ 15,053	\$ 1,664,775
Increased by:			
Receipts		4,737	257,827
		<u>19,790</u>	<u>1,922,602</u>
Decreased by:			
Disbursements		309	202,637
		<u>309</u>	<u>202,637</u>
Balance February 28, 2011		<u>\$ 19,481</u>	<u>\$ 1,719,965</u>

Cash Reconciliation February 28, 2011

Balance per Statement:			
TD Bank		\$ 19,457	\$ 1,651,051
New Jersey Cash Management Fund			87,302
		<u>19,457</u>	<u>1,738,353</u>
Add: Deposits in Transit		24	
		<u>19,481</u>	<u>1,738,353</u>
Less: Outstanding Checks			18,388
			<u>18,388</u>
Book Balance		<u>\$ 19,481</u>	<u>\$ 1,719,965</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO CURRENT FUND-OTHER TRUST FUND

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 24,376
Increased by:			
Interest on Investments	B-1	\$ 787	
Receipts	B-1	282,241	
Payroll Agency Health Insurance Withholdings	B-15	2,428	
Outside Police Service's Administrative Fees	B-10	<u>2,955</u>	
			<u>288,411</u>
			312,787
Decreased by:			
Disbursements	B-1	4,641	
Current Year Open Space Tax Levy	B-13	<u>280,360</u>	
			<u>285,001</u>
Balance December 31, 2010	B; Below		<u><u>\$ 27,786</u></u>
 <u>Analysis of Balance December 31, 2010</u>			
Developers' Deposits			\$ 25,524
Storm Water Management			1,606
Tax Sale Premium			<u>656</u>
			<u><u>\$ 27,786</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	9,562
Increased by Receipts:			
Animal Control Fees	B-1		<u>5,569</u>
			15,131
Decreased by:			
Expenditures Under RS 4:119-15	B-1	\$	122
Statutory Excess Due To Current Fund	B-5		<u>2,467</u>
			<u>2,589</u>
Balance December 31, 2010	B	\$	<u><u>12,542</u></u>
<u>Animal Control Fees</u>			
2008		\$	5,709
2009			<u>6,833</u>
Maximum Allowable Reserve		\$	<u><u>12,542</u></u>



TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO CURRENT FUND-ANIMAL CONTROL FUND

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	6,836
Increased by:			
Interest on Investments	B-1	\$	44
Statutory Excess in Reserve for Animal Control Expenditures	B-4		<u>2,467</u>
			<u>2,511</u>
			9,347
Decreased by:			
Disbursements	B-1		<u>6,836</u>
Balance December 31, 2010	B	\$	<u><u>2,511</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	-
Increased by:			
State Fees Collected	B-1		<u>922</u>
			922
Decreased by:			
State Fees Remitted	B-1		<u>922</u>
Balance December 31, 2010	B	\$	<u><u>-</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR COAH DEVELOPMENT FEES

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 279,640
Increased by:		
Fees Collected		\$ 5,500
Interest Income		1,132
	B-1	<u>6,632</u>
Balance December 31, 2010	B	<u>\$ 286,272</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 307,582
Increased by:		
Receipts	B-1	52,104
		<u>359,686</u>
Decreased by:		
Disbursements	B-1	68,274
		<u>68,274</u>
Balance December 31, 2010	B	<u>\$ 291,412</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR FAIR HOUSING PROGRAM

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 557,515
Increased by:		
Interest Earned on Deposits	B-1	1,240
		<u>558,755</u>
Decreased by:		
Disbursements	B-1	1,614
		<u>557,141</u>
Balance December 31, 2010	B	<u>\$ 557,141</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF SPECIAL DEPOSITS

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 1,235
Increased by:		
Deposits Received	B-1	23,738
		<u>24,973</u>
Decreased by:		
Disbursements	B-1	\$ 21,510
Outside Police Services Administrative Fees	B-3	2,955
		<u>24,465</u>
Balance December 31, 2010	B	<u>\$ 508</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 622
Increased by:			
Interest Earned	B-1	\$ 13	
Current Fund Budget Appropriation	B-1	20,000	
Employee Withholdings:			
Due from Payroll	B-15	<u>1,843</u>	
			<u>21,856</u>
			22,478
Decreased by:			
Disbursements	B-1	14,962	
Accounts Payable	B-20	<u>4,354</u>	
			<u>19,316</u>
Balance December 31, 2010	B		<u>\$ 3,162</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 26,012
Increased by:			
Deposits Received		\$ 879	
Current Fund Budget Appropriation		5,000	
Prior Year Outstanding Checks Canceled		43	
Interest Earned		<u>59</u>	
	B-1		<u>5,981</u>
			31,993
Decreased by:			
Disbursements	B-1		<u>10,598</u>
Balance December 31, 2010	B		<u>\$ 21,395</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR OPEN SPACE PRESERVATION

	<u>Ref.</u>		
Balance December 31, 2009	B		\$ 243,486
Increased by:			
Current Year Open Space Tax Levy	B-3	\$ 280,360	
County SADC Reimbursement of Expenditures	B-1	16,345	
Interest on Investments	B-1	<u>514</u>	
			<u>297,219</u>
			540,705
Decreased by:			
Disbursements	B-1	8,720	
Due to General Capital:			
Note Interest	B-19	7,131	
Note Principal	B-19	<u>88,000</u>	
			<u>103,851</u>
Balance December 31, 2010	B		<u>\$ 436,854</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR STORM WATER MANAGEMENT

	<u>Ref.</u>		
Balance December 31, 2009	B		<u>\$ 18,000</u>
Balance December 31, 2010	B		<u>\$ 18,000</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR PAYROLL

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 15,488
Increased by:		
Gross Payroll and Employer Expenses	B-1	<u>1,642,450</u>
		1,657,938
Decreased by:		
Disbursements	B-1	\$ 1,645,859
Employee Withholdings Due to:		
Current Fund for Health Insurance Withholdings	B-3	2,428
Unemployment Compensation	B-11	<u>1,843</u>
		<u>1,650,130</u>
Balance December 31, 2010	B	<u><u>\$ 7,808</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR FAIR HOUSING LOAN RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 56,000
Decreased by:		
Receivables Discharged	Reserve	<u>20,000</u>
Balance December 31, 2010	B	<u><u>\$ 36,000</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 26,900
Decreased by:		
Disbursements	B-1	<u>22,800</u>
Balance December 31, 2010	B	<u>\$ 4,100</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR DARE ESCROW

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 6,983
Increased by:		
Deposits Received	B-1	<u>2,000</u>
		8,983
Decreased by:		
Disbursements	B-1	<u>3,000</u>
Balance December 31, 2010	B	<u>\$ 5,983</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO GENERAL CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	-
Increased by:			
Open Space Trust Fund used to Finance :			
General Capital Note Interest	B-13	\$	7,131
General Capital Ordinances	B-13		<u>88,000</u>
			<u>95,131</u>
			95,131
Decreased by:			
Disbursements	B-1		<u>95,131</u>
Balance December 31, 2010	B	<u>\$</u>	<u>-</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>		
Balance December 31, 2009	B	\$	7,091
Increased by:			
Unemployment Invoices Made Payable	B-11		<u>4,354</u>
			11,445
Decreased by:			
Disbursements	B-1		<u>7,091</u>
Balance December 31, 2010	B	<u>\$</u>	<u>4,354</u>



**TOWNSHIP OF FRANKLIN  
COUNTY OF HUNTERDON  
2010  
GENERAL CAPITAL FUND**

TOWNSHIP OF FRANKLIN  
SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 426,594
Increased by Receipts:			
Due from Federal and State Grant Fund	C-5	\$ 101,500	
Interest on Investments	C-9	1,003	
Due to Current Fund	C-9	218,184	
Improvement Authorizations' Refunds Received	C-10	26,394	
Due from Other Trust Fund	C-6	95,131	
Proceeds from NJ DOT Aid	C-8	<u>37,500</u>	
	C-4		<u>479,712</u>
			<u>906,306</u>
Decreased by Disbursements:			
Due to Current Fund	C-9	842	
Improvement Authorizations	C-10	108,175	
Note Interest Paid	C-14	11,315	
Note Principal Paid	C-15	<u>88,000</u>	
	C-4		<u>208,332</u>
Balance December 31, 2010	C		<u><u>\$ 697,974</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CASH AND RECONCILIATION PER NJS 40A:5-5  
TREASURER

	<u>Ref.</u>	
Balance December 31, 2010	C-2	\$ 697,974
Increased by:		
Receipts		112,710
		<u>810,684</u>
Decreased by:		
Disbursements		6,866
		<u>803,818</u>
Balance February 28, 2011		<u>\$ 803,818</u>
 <u>Cash Reconciliation February 28, 2011</u>		
Balance on Deposit:		
TD Bank		\$ 740,436
New Jersey Cash Management Fund		63,382
		<u>803,818</u>
Book Balance		<u>\$ 803,818</u>

TOWNSHIP OF FRANKLIN  
ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2009	Receipts	Disbursements	Transfers To (From)	Balance Dec. 31, 2010
Capital Fund Balance	\$ 662,894				\$ 662,894
Capital Improvement Fund	630,523			\$ 34,833	665,356
Due to Current Fund	401	\$ 219,187	\$ 842	(218,184)	562
Due from Federal and State Grant Fund	(101,500)	101,500			
Due from Other Trust Fund		95,131		(95,131)	
Reserve for Acquisition Development & Easements for Farmland Preservation	105,785				105,785
Reserve for Purchase of Emergency Medical Service Equipment	20,000				20,000
Reserve for Payment of Bonds & Notes	371,748		11,315	11,315	371,748
Excess Bond Anticipation Note Proceeds		37,500	88,000	88,000	37,500
Improvement Authorizations:					
Ord. # 01-01 Purchase of Real Estate (Frazee Farm)	36,177		(1)		36,178
Ord. # 01-02 Purchase of Real Estate (Griffin)	(268,744)	8,500	1,107		(261,351)
Ord. # 02-01 Acquisition of Real Property (Frontage Rd)	(242,403)	8,500	1,107		(235,010)
Ord. # 03-01 Acquisition of Real Property (Cherryville Farm)	58,432				58,432
Bond Ord. # 05-01, 06-02, 07-08 Acquisition of Real Property (Summit Manor)	181,148		571		180,577
Ord. # 05-02 Acquisition of Development Easements	(1,122,996)				(1,122,996)

TOWNSHIP OF FRANKLIN  
ANALYSIS OF GENERAL CAPITAL FUND CASH  
(Continued)

	Balance Dec. 31, 2009	Receipts	Disbursements	Transfers (From) To	Balance Dec. 31, 2010
Improvement Authorizations: (Cont'd)					
Ord. # 06-06 Acquisition of a Dump Truck & Tractor	\$ 9,587			\$ (9,587)	
Bond Ord. # 06-01 Hogback Road Drainage Improvements	(10,800)			10,800	
Ord. # 08-01 Acquisition of Office Furniture & Fixtures	39,502		\$ 3,270		\$ 36,232
Ord. # 08-07 Purchase of an Emergency Generator	6,446			(6,446)	
Ord. # 08-09 Purchase of Drainage Materials & Reconstruction, Resurfacing and Improvements of Various Public Roads	89,533		29,860		59,673
Ord. # 08-11 Acquisition of a Rubber Tire Wheel Loader	(2,000)			2,000	
Ord. # 08-12 Acquisition of Real Property for Municipal Use (Stryker Property)	68,603	\$ 9,394	311		77,686
Ord. # 09-05 Acquisition of Real Property for Municipal Use (Sampaio Property)	(163,383)			99,200	(64,183)
Ord. # 09-08 Reconstruction & Rehabilitation of Mathew Drive	57,641		5,418		52,223
Ord. # 10-04 Improvements to West Sydney Road			30,332	35,000	4,668
Ord. # 10-05 Replacement of an Alamo Boom Mower Head				12,000	12,000
Ord. # 10-06 Acquisition of a Sport Utility Vehicle for the Department of Public Safety			36,200	36,200	
	<u>\$ 426,594</u>	<u>\$ 479,712</u>	<u>\$ 208,332</u>	<u>\$ -</u>	<u>\$ 697,974</u>
Ref.	C	C-2	C-2		C

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 101,500
Decreased by:		
Receipts	C-2	<u>101,500</u>
Balance December 31, 2010	C	<u><u>\$ -</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE FROM OTHER TRUST FUND

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ -
Increased by:			
Deferred Charges to Future Taxation-Unfunded	C-8	\$ 88,000	
Note Interest Paid	C-14	<u>7,131</u>	
			<u>95,131</u>
			95,131
Decreased by:			
Receipts	C-2		<u>95,131</u>
Balance December 31, 2010	C		<u><u>\$ -</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 456,445
Decreased by:		
Current Year Budget Appropriation to Pay Loans	C-16	<u>29,767</u>
Balance December 31, 2010	C	<u>\$ 426,678</u>

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

Improvement Description	Balance Dec. 31, 2009	Current Year Authorizations	Grants & Donations Received	Notes Paid by Other Trust Fund	Funded by Current Year Budget Appropriation	Balance Dec. 31, 2010	Analysis of Balance December 31, 2010		
							Expenditures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Purchase of Real Estate (Griffin Property)	\$ 285,000					\$ 285,000	\$ 261,351	\$ 23,649	
Acquisition of Real Property (8 Frontage Rd)	251,750					251,750	235,010	16,740	
Acquisition of Real Property (Summit Manor)	513,095			\$ 88,000		425,095		95	\$ 425,000
Acquisition of Development Easements	1,235,000					1,235,000	1,122,996	112,004	
Hogback Road Drainage Improvements	110,800		\$ 37,500		\$ 10,800	62,500			62,500
Acquisition of a Rubber Tire Wheel Loader	2,000				2,000				
Acquisition of Real Property for Municipal Use (Stryker Property)	285,000					285,000		10,000	275,000
Acquisition of Real Property (Sampaio Property)	190,000				99,200	90,800	64,183	26,617	
Improvements to West Sydney Road		\$ 315,000				315,000		315,000	
	<u>\$ 2,872,645</u>	<u>\$ 315,000</u>	<u>\$ 37,500</u>	<u>\$ 88,000</u>	<u>\$ 112,000</u>	<u>\$ 2,950,145</u>	<u>\$ 1,683,540</u>	<u>\$ 504,105</u>	<u>\$ 762,500</u>
<u>Ref.</u>	C	C-10	C-2	C-6	C-9	C	C-4	Below	C-15
							<u>Ref.</u> C-10	\$ 762,368	
								258,263	
								<u>\$ 504,105</u>	



TOWNSHIP OF FRANKLIN  
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2009	C		\$ 401
Increased by:			
Interest on Investments	C-2	\$ 1,003	
Receipts	C-2	<u>218,184</u>	
			<u>219,187</u>
Decreased by:			
Disbursements	C-2	842	
Current Year Budget Appropriation:			
Capital Improvement Fund	C-11	102,000	
Deferred Charges to Future Taxation-Unfunded	C-8	112,000	
Bond Anticipation Note Interest	C-14	<u>4,184</u>	
			<u>219,026</u>
Balance December 31, 2010	C		<u><u>\$ 562</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Number	Amount	Balance Dec. 31, 2009		2010 Authorizations	Paid or Charged	Balances Canceled	Balance Dec. 31, 2010	
			Funded	Unfunded				Funded	Unfunded
Purchase of Real Estate (Frazee Farm)	2001-01 B/O	\$ 1,100,000	\$ 36,177			\$ (1)		\$ 36,178	
Purchase of Real Estate (Griffin Property)	2001-02 B/O	300,000		\$ 16,256		(7,393)			\$ 23,649
Acquisition of Real Property (8 Frontage Rd)	2002-01 B/O	265,000		9,347		(7,393)			16,740
Acquisition of Real Property (Cherryville Farm)	2003-01 B/O	3,300,000	58,432					58,432	
Acquisition of Real Property (Summit Manor)	2005-01 B/O	1,000,000							
	2006-02 B/O	400,000							
	2007-08 B/O	1,900,000		181,243		571			180,672
Acquisition of Development Easement	2005-02 B/O	1,300,000		112,004					112,004
Acquisition of a Dump Truck & Tractor	2006-06	95,000	9,587				\$ 9,587		
Acquisition of Office Furniture & Fixtures	2008-01	40,500	39,502			3,270		36,232	
Purchase of an Emergency Generator	2008-07	25,000	6,446				6,446		
Purchase of Drainage Materials & Reconstruction, Resurfacing and Improvements of Various Public Roads	2008-09	116,000	89,533			29,860		59,673	
Acquisition of Real Property for Municipal Use (Stryker Property)	2008-12	300,000		78,603		(9,083)			87,686
Acquisition of Real Property for Municipal Use (Sampaio Property)	2009-05	200,000		26,617					26,617
Reconstruction & Rehabilitation of Mathew Drive	2009-08	175,000	57,641			5,418		52,223	
Improvements to West Sydney Road	2010-04	350,000			\$ 350,000	30,332		4,668	315,000
Replacement of an Alamo Boom Mower Head	2010-05	12,000			12,000			12,000	
Acquisition of a Sport Utility Vehicle for the Department of Public Safety	2010-06	37,000			37,000	36,200	800		
			<u>\$ 297,318</u>	<u>\$ 424,070</u>	<u>\$ 399,000</u>	<u>\$ 81,781</u>	<u>\$ 16,833</u>	<u>\$ 259,406</u>	<u>\$ 762,368</u>
	Ref.		C	C	Below	Below	C-11	C	C
Deferred Charges to Future Taxation-Unfunded Capital Improvement Fund	C-8 C-11				\$ 315,000 84,000				
					<u>\$ 399,000</u>				
Disbursements	C-2					\$ 108,175			
Less: Refunds Received	C-2					(26,394)			
						<u>\$ 81,781</u>			

TOWNSHIP OF FRANKLIN  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance December 31, 2009	C	\$	630,523
Increased by:			
Current Year Budget Appropriation	C-9	\$	102,000
Improvement Authorization Balances Canceled	C-10		<u>16,833</u>
			118,833
			<u>749,356</u>
Decreased by:			
Appropriated to Finance			
Improvement Authorizations	C-10		<u>84,000</u>
Balance December 31, 2010	C	\$	<u><u>665,356</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR ACQUISITION, DEVELOPMENT  
AND EASEMENTS FOR FARMLAND PRESERVATION

	<u>Ref.</u>		
Balance December 31, 2009	C	\$	<u>105,785</u>
Balance December 31, 2010	C	\$	<u><u>105,785</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR PURCHASE OF EMERGENCY  
MEDICAL SERVICE EQUIPMENT

	<u>Ref.</u>	
Balance December 31, 2009	C	<u>\$ 20,000</u>
Balance December 31, 2010	C	<u><u>\$ 20,000</u></u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF RESERVE FOR PAYMENT OF BONDS AND NOTES

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 371,748
Increased by:		
Transferred from:		
Open Space Trust Fund	C-6	\$ 7,131
Current Fund	C-9	<u>4,184</u>
		<u>11,315</u>
		383,063
Decreased by:		
Note Interest Paid	C-2	<u>11,315</u>
Balance December 31, 2010	C	<u><u>\$ 371,748</u></u>

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. #	Purpose	Date of		Interest Rate	Balance Dec. 31, 2009	Increased	Decreased	Balance Dec. 31, 2010
		Original Note Issue	Current Note Issue					
Various	Various	12/12/03	09/25/09	08/25/10	1.39%	\$ 888,000		\$ 888,000
			08/25/10	08/25/11	1.29%		\$ 800,000	\$ 800,000
					<u>\$ 888,000</u>	<u>\$ 800,000</u>	<u>\$ 888,000</u>	<u>\$ 800,000</u>
					Ref. C	Below	Below	Below
			Notes Reissued	Contra		\$ 800,000	\$ 800,000	
			Notes Paid by Other Trust Fund	C-6			88,000	
						<u>\$ 800,000</u>	<u>\$ 888,000</u>	
			Notes Representing Deferred Charges-Unfunded	C-8				\$ 762,500
			Excess Amount of Notes Issued	C-4:C-18				37,500
								<u>\$ 800,000</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2009	C	\$ 456,445
Decreased by:		
Principal Paid	C-7	<u>29,767</u>
Balance December 31, 2010	C	<u>\$ 426,678</u>

TOWNSHIP OF FRANKLIN  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2009</u>	<u>Increased in 2010</u>	<u>Decreased in 2010</u>	<u>Balance Dec. 31, 2010</u>
2001-02	Purchase of Real Estate	\$ 285,000			\$ 285,000
2002-01	Purchase of Real Estate	251,750			251,750
2005-01 2006-02 2007-08	Acquisition of Real Property	95			95
2005-02	Acquisition of Development Easement	1,235,000			1,235,000
2007-09	Hogback Road Drainage Improvements	10,800		\$ 10,800	
2008-11	Acquisition of a Rubber Tire Wheel Loader	2,000		2,000	
2008-12	Acquisition of Real Property for Municipal Use (Stryker Property)	10,000			10,000
2009-05	Acquisition of Real Property for Municipal Use (Sampaio Property)	190,000		99,200	90,800
2010-04	Improvements to West Sydney Road		\$ 315,000		315,000
		<u>\$ 1,984,645</u>	<u>\$ 315,000</u>	<u>\$ 112,000</u>	<u>\$ 2,187,645</u>
	<u>Ref.</u>	C	C-8	C-8	C

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF HUNTERDON**  
**2010**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**



TOWNSHIP OF FRANKLIN  
 SCHEDULE OF GENERAL FIXED ASSETS  
 AS OF DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
GENERAL FIXED ASSETS		
Sites	\$ 6,149,577	\$ 6,149,577
Building and Building Improvements	498,769	498,769
Machinery and Equipment	<u>1,277,686</u>	<u>1,271,274</u>
	<u>\$ 7,926,032</u>	<u>\$ 7,919,620</u>

**TOWNSHIP OF FRANKLIN**

**PART II**

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

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

May 9, 2011

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

We have audited the basic financial statements-regulatory basis of the Township of Franklin as of and for the year ended December 31, 2010, and have issued our report thereon dated May 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as stated in the General Comments and Recommendations section of this report, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the General Comments and Recommendations section of this report is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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 determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of the Municipality, state audit agencies and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



---

William M. Colantano, Jr.  
Registered Municipal Accountant  
No. 68

TOWNSHIP OF FRANKLIN  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2010

Purpose	Award Amount	Grant Period		Balance Dec. 31, 2009	Receipts	Expended	Balance Canceled	Balance Dec. 31, 2010
		From	To					
Body Armor Fund-Special Zylon	\$ 609	01/01/07	12/31/09	\$ 9		\$ 9		
Body Armor Fund	596	01/01/08	12/31/10	596		596		
Body Armor Fund	1,620	01/01/09	12/31/11		\$ 1,620	105		\$ 1,515
State Police Emergency Management Assistance	5,000	01/01/07	12/31/09	2,090		2,090		
Clean Communities Program	6,831	01/01/08	06/30/09	1,124		1,124		
Clean Communities Program	8,946	01/01/09	06/30/10	8,946		8,946		
Clean Communities Program	9,193	01/01/10	06/30/11		9,193	1,673		7,520
Police Emergency Management Grant	5,000	01/01/10	12/31/11		5,000	2,765		2,235
Drunk Driving Enforcement Fund	2,156	01/01/07	12/31/09	1,200		1,200		
Drunk Driving Enforcement Fund	1,366	01/01/08	12/31/09	1,366		500		866
Drunk Driving Enforcement Fund	1,334	01/01/09	06/30/10	1,334				1,334
Drunk Driving Enforcement Fund	2,964	01/01/10	12/31/11		2,964			2,964
Division of Highway Traffic Safety-2010								
Holiday Statewide Crackdown	5,000	01/01/10	12/31/11					
NJ Recycling Tonnage	2,576	01/01/08	12/31/10	2,576				2,576
NJ Recycling Tonnage	4,298	01/01/09	06/30/10	4,298				4,298
ANJEC Natural Resources Grant	7,750	01/01/09	06/30/10	(7,750)	7,750			
Division of Highway Traffic Safety-Occupant								
Protection Program- "Click It or Ticket 2010"	4,000	01/01/10	12/31/11		4,000	4,000		
NJ DOT Hogback Road Section III	150,000	01/01/08	12/31/10		37,500	37,500		
				<u>\$ 15,789</u>	<u>\$ 68,027</u>	<u>\$ 60,508</u>	<u>\$ -</u>	<u>\$ 23,308</u>

**TOWNSHIP OF FRANKLIN**

**PART III**

**STATISTICAL DATA**

**INSURANCE SCHEDULE**

**LIST OF OFFICIALS**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**TOWNSHIP OF FRANKLIN**  
**STATISTICAL DATA**

TOWNSHIP OF FRANKLIN  
STATISTICAL DATA

	2010		2009	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,029,000	7.07	\$ 1,018,000	6.36
Collection of Current Tax Levy	12,556,692	86.24	12,434,926	77.65
Collection of Delinquent Taxes & Tax Title Liens	176,383	1.21	172,307	1.07
Miscellaneous	798,566	5.48	2,388,637	14.92
Total Income	<u>14,560,641</u>	<u>100.00</u>	<u>16,013,870</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	2,923,250	20.55	3,157,096	22.06
Regional School Taxes	3,178,488	22.35	3,278,235	22.91
Local School Taxes	5,464,174	38.42	5,177,442	36.18
County Taxes	2,077,216	14.60	2,106,630	14.72
Municipal Open Space Tax	280,360	1.97	279,881	1.96
Local Fire District Tax	300,000	2.11	310,000	2.17
Other Deductions	500	-	253	-
Total Expenditures	<u>14,223,988</u>	<u>100.00</u>	<u>14,309,537</u>	<u>100.00</u>
Statutory Excess to Fund Balance	336,653		1,704,333	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>1,949,530</u>		<u>1,263,197</u>	
Less: Utilization as Anticipated Revenue	<u>1,029,000</u>		<u>1,018,000</u>	
Fund Balance December 31,	<u>\$ 1,257,183</u>		<u>\$ 1,949,530</u>	



TOWNSHIP OF FRANKLIN  
STATISTICAL DATA  
(Continued)

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Year	Apportionment					Regional High School	Total Tax Rate
	Fire District	Municipal Open Space	Municipal	County	Local School		
2010	\$ 0.05	\$ 0.05	\$ 0.26	\$ 0.37	\$ 0.98	\$ 0.57	\$ 2.28
2009	0.05	0.05	0.26	0.38	0.93	0.59	2.26
2008	0.05	0.05	0.26	0.40	0.94	0.62	2.32
2007	0.05	0.05	0.26	0.42	0.95	0.60	2.33
2006	0.05	0.05	0.26	0.41	0.93	0.57	2.27
2005	0.05	0.05	0.26	0.37	0.87	0.51	2.11
2004*	0.04	0.05	0.27	0.41	0.81	0.47	2.05
2003	0.07	0.05	0.39	0.65	1.24	0.73	3.13
2002		0.05	0.41	0.61	1.21	0.66	2.94
2001			0.45	0.57	1.13	0.62	2.77

\* Revalued/Reassessed

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed of Estimated Full Cash Valuations
2010	\$ 559,740,725	\$ 604,341,098	92.62%
2009	556,272,866	608,066,057	91.48%
2008	551,666,397	660,805,182	83.48%
2007	547,311,702	681,514,191	80.31%
2006	535,977,095	623,505,922	85.96%
2005	528,258,963	550,516,596	95.96%
2004*	521,592,762	518,591,821	100.58%
2003	327,123,362	491,045,308	66.62%
2002	324,503,768	440,107,320	73.73%
2001	317,457,831	395,021,039	80.36%

\* Revalued/Reassessed

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2010	\$ 12,756,097	\$ 12,556,692	98.44%
2009	12,669,229	12,434,926	98.15%
2008	12,922,328	12,747,681	98.65%
2007	12,872,150	12,700,519	98.67%
2006	12,327,111	12,184,562	98.84%
2005	11,253,819	11,142,134	99.01%
2004	10,895,776	10,709,228	98.29%
2003	10,344,458	10,183,781	98.45%
2002	9,620,517	9,422,881	97.95%
2001	9,017,697	8,799,060	97.58%

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

TOWNSHIP OF FRANKLIN  
STATISTICAL DATA  
(Continued)

**ASSESSED VALUES DISTRIBUTION**

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property	Personal Property	Total Assessed Values
2001	\$ 4,958,373	\$ 202,863,900	\$ 525,600	\$ 38,165,900	\$ 66,071,136	\$ 3,293,100	\$ 315,878,009	\$ 1,579,822	\$ 317,457,831
2002	3,607,200	209,889,900	485,400	38,193,400	67,739,741	3,238,100	323,153,741	1,440,227	324,593,968
2003	2,715,200	212,481,000	485,400	38,193,400	69,220,940	3,238,100	326,334,040	789,322	327,123,362
2004 (1)	6,038,927	358,422,200	1,253,800	35,114,800	115,260,370	4,314,400	520,404,497	1,188,265	521,592,762
2005	8,714,400	359,765,100	1,246,700	39,024,100	114,622,287	3,712,400	527,084,987	1,163,976	528,248,963
2006	6,760,100	367,051,600	1,246,700	39,060,500	117,101,243	3,712,400	534,932,543	1,044,552	535,977,095
2007	6,839,800	376,527,500	1,113,400	38,788,000	119,352,722	3,712,400	546,333,822	977,880	547,311,702
2008	6,368,400	377,968,800	1,113,400	38,588,100	123,048,339	2,308,800	549,395,839	2,270,558	551,666,397
2009	5,601,000	380,256,100	1,086,500	38,588,100	126,290,100	2,308,800	554,130,600	2,142,266	556,272,866
2010	6,663,200	393,200,000	1,086,500	38,203,700	115,919,238	2,308,800	557,381,438	2,359,287	559,740,725

(1) Revalued/Reassessed

**DELINQUENT TAXES AND TITLE LIENS**

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2001	\$ 11,058	\$ 217,270	\$ 228,328	2.53%
2002	12,164	182,181	194,345	2.02%
2003	13,339	153,405	166,744	1.61%
2004	14,891	145,905	160,796	1.48%
2005	16,483	105,606	122,089	1.08%
2006	18,198	137,287	155,485	1.26%
2007	19,960	165,325	185,285	1.44%
2008	21,715	171,317	193,032	1.49%
2009	23,426	186,788	210,214	1.66%
2010	56,298	168,210	224,508	1.76%

TOWNSHIP OF FRANKLIN  
STATISTICAL DATA  
(Continued)

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 400
2009	400
2008	400
2007	400
2006	400
2005	400
2004	400
2003	400
2002	400
2001	400

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2010	\$ 1,257,183	477,525
	2009	1,949,530	1,029,000
	2008	1,263,197	1,018,000
	2007	3,120,426	774,178
	2006	2,913,122	813,000
	2005	2,773,844	785,700
	2004	2,585,154	634,000
	2003	3,024,813	462,000
	2002	2,958,792	461,617
	2001	3,011,869	379,202

TOWNSHIP OF FRANKLIN  
 SCHEDULE OF INSURANCE  
 YEAR ENDED DECEMBER 31, 2010  
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation-Public Alliance Insurance Coverage Fund:		
Injury per Accident	\$ 250,000	
Disease per Employee	250,000	
Disease Policy Limit	250,000	
Excess Workers Compensation-Municipal Excess Liability Joint Insurance Fund:		
Policy Limit	1,750,000	
Package Policy-Public Alliance Insurance Coverage Fund:		
Property-Buildings & Contents (Policy Limit)	100,000,000	\$ 1,000
Liability Coverage Casualty per Occurrence	250,000	
Excess General Liability-Municipal Excess Liability Fund and Statewide Insurance Fund:		
Fund Limits	3,750,000	
Public Officials Liability-Public Alliance Insurance Coverage Fund:		
Policy Limit	2,000,000	10,000
Environments Impairment-Public Alliance Insurance Coverage Fund:		
Fund Limit	1,000,000	1,000
Crime Bond-Public Alliance Insurance Coverage Fund:		
Policy Limit	50,000	1,000
Excess Crime Bond-Municipal Excess Liability Joint Insurance Fund:		
Policy Limit	950,000	

Adequacy of Insurance Coverage is the Responsibility of the Municipality.

TOWNSHIP OF FRANKLIN  
LIST OF OFFICIALS

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>
Linda Jacukowicz	Mayor
Robert McGeary	Deputy Mayor
Scott Bauman	Committeeperson
Robert Shockley	Committeeperson
Steven Tarshis	Committeeperson

\* \* \* \* \*

<u>Name</u>	<u>Title</u>
Ursula Stryker	Municipal Clerk
Ronald Mathews	Treasurer
Michael Balogh	Chief Financial Officer
Linda Swackhamer	Tax Collector
Mary Mastro	Assessor
William Caldwell	Attorney (To 02/28/10)
Valerie Kimson	Attorney (From 03/01/10 to 06/25/10)
Anthony Koester	Attorney (From 06/26/10)
Maser Consulting	Engineer
Clark, Caton & Hintz	Planner

An excess crime bond pool issued by Municipal Excess Liability Joint Insurance Fund covers all Borough employees in the aggregate of \$950,000. This replaces the separate surety bonds previously issued by position.

TOWNSHIP OF FRANKLIN  
GENERAL COMMENTS

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR NJS 40A:11-4**

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate, (\$26,000 effective July 1, 2010) except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit 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 contracts were awarded for the following items:

Road Materials  
Road Construction Improvements  
Public Works Garage Pole Barn Repair  
Municipal Building Sound System Upgrade

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5 as follows:

Auditor  
Engineer  
Special Attorney  
Municipal Attorney  
Planning Consultant

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.

From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of \$26,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

TOWNSHIP OF FRANKLIN  
GENERAL COMMENTS  
(Continued)

### COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

In calendar year 2010, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** that the rate of interest to be charged by the Township of Franklin for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be 8% on the first \$1,500 and 18% per annum on the balance over \$1,500 provided however that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable. Any installment received after the expiration of the said ten day grace period, shall bear interest from the due date.

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

### DELINQUENT TAXES AND TAX TITLE LIENS

A tax sale was held in the year 2010 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2010	5
2009	4
2008	4

### OTHER COMMENTS

#### Municipal Expenditures

1. Business Registration Certificates were not available for many of the vendors utilized by the Municipality.
2. "Pay to Play" political contribution disclosure forms were not obtained for many of the applicable vendors utilized by the Municipality.

TOWNSHIP OF FRANKLIN  
RECOMMENDATIONS

It is recommended that:

1. Business Registration Certificates should be obtained for all vendors utilized by the Municipality who exceed the minimum threshold requirement.
2. "Pay to Play" political contribution disclosure forms should be obtained for all vendors utilized by the Municipality who exceed the minimum threshold requirement.

**STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS**

A review was performed on prior year recommendations and corrective action was taken on all except for the following:

1. Business Registration Certificates should be obtained for all vendors utilized by the Municipality who exceed the minimum threshold requirement.
2. "Pay to Play" political contribution disclosure forms should be obtained for all vendors utilized by the Municipality who exceed the minimum threshold requirement.

\*\*\*\*\*

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated May 9, 2011.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.



---

William M. Colantano, Jr.  
Registered Municipal Accountant  
No. 68