

TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON
REPORT OF AUDIT
YEAR 2011

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TOWNSHIP OF FRANKLIN
PART I
REPORT OF EXAMINATION OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2011

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

April 17, 2012

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, 2011 and 2010 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, 2011. 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 17, 2012 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, 2011	Balance Dec. 31, 2010
ASSETS			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 2,731,563	\$ 2,823,423
Collector	A-6	351,045	
Change Funds-Collector		25	25
Due from State of NJ Veterans' & Senior Citizens' Deductions	A-8	7,833	7,583
		<u>3,090,466</u>	<u>2,831,031</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	122,618	168,210
Tax Title Liens Receivable	A-10	27,097	56,298
Property Acquired for Taxes	A-11	400	400
Revenue Accounts Receivable	A-12	4,952	
Due from Other Trust Funds	A-13		27,786
Due from Animal Control Fund	A-14		2,511
Due from General Capital Fund	A-15	630	562
Due from Federal & State Grant Fund	A-16		210
		<u>155,697</u>	<u>255,977</u>
Deferred Charge-Emergency Authorization	A-17	30,000	-
		<u>3,276,163</u>	<u>3,087,008</u>
Federal & State Grant Fund:			
Cash	A-4	31,200	23,518
State Grants Receivable	A-18		5,000
Due from Regular Fund	A-28	4,400	
		<u>35,600</u>	<u>28,518</u>
TOTAL ASSETS		<u><u>\$ 3,311,763</u></u>	<u><u>\$ 3,115,526</u></u>

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

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;A-19	\$ 158,483	\$ 270,117
Due to Other Trust Funds	A-13	253,402	
Due to Animal Control Fund	A-14	105	
Due to Federal & State Grant Fund	A-16	4,400	
Reserve for Encumbrances	A-20	3,441	17,962
Prepaid Taxes	A-21	208,091	74,380
Tax Overpayments	A-22	5,162	14,545
Regional High School Taxes Payable	A-23	1,196,641	1,120,814
Local School Tax Payable	A-24	1	70,000
County Tax Payable	A-25	4,255	2,680
State & County Fees Payable	A-26	6,106	3,350
Due to Other Municipalities	A-27	109	
		<u>1,840,196</u>	<u>1,573,848</u>
Reserve for Receivables	A	155,697	255,977
Fund Balance	A-1	<u>1,280,270</u>	<u>1,257,183</u>
		<u>3,276,163</u>	<u>3,087,008</u>
Federal & State Grant Fund:			
Due to Regular Fund	A-28		210
Appropriated Reserves for State Grants	A-29	<u>35,600</u>	<u>28,308</u>
		<u>35,600</u>	<u>28,518</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,311,763</u>	<u>\$ 3,115,526</u>

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

		For the Year Ending	
	Ref.	Dec. 31, 2011	Dec. 31, 2010
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 477,525	\$ 1,029,000
Miscellaneous Revenue Anticipated	A-2	725,563	620,037
Receipts from Delinquent Taxes	A-2	203,044	176,383
Receipts from Current Taxes	A-2	12,675,391	12,556,692
Nonbudget Revenue	A-2	9,176	23,196
Other Credits to Income:			
Interfunds Returned-Net	A-2	30,439	544
Outside Police Services Administrative Fees	A-13	2,575	2,955
Statutory Excess in Animal Control Fund	A-14	5,870	2,467
Grant Fund Balances Canceled			210
Unexpended Balance of Appropriation Reserves	A-19	215,834	149,157
Tax Overpayment Balances Canceled	A-22	21	
Total Income		<u>14,345,438</u>	<u>14,560,641</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	1,114,621	1,172,304
Other Expenses	A-3	978,076	1,221,573
Capital Improvements	A-3	100	102,000
Debt Service	A-3	63,586	42,932
Deferred Charges & Statutory Expenditures	A-3	378,418	384,441
Regional High School Taxes	A-23	3,330,143	3,178,488
Local District School Taxes	A-24	5,435,308	5,464,174
County Taxes	A-25	1,993,298	2,074,536
County Share of Added Taxes	A-25	4,255	2,680
Municipal Open Space Tax	A-2	278,571	280,360
Local Fire District Tax	A-2	298,200	300,000
Disallowance of Senior Citizens' & Veterans			
Deductions-Prior Year	A-8	250	500
Total Expenditures		<u>13,874,826</u>	<u>14,223,988</u>
Excess in Revenue		470,612	336,653
Adjustments to Income Before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to Budget of Succeeding Years:			
Emergency Authorization	A-17	30,000	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	For the Year Ending	
		Dec. 31, 2011	Dec. 31, 2010
Statutory Excess to Fund Balance		\$ 500,612	\$ 336,653
FUND BALANCE			
Balance January 1,	A	1,257,183	1,949,530
		1,757,795	2,286,183
Decreased by:			
Utilized as Anticipated Revenue	A-2	477,525	1,029,000
Balance December 31,	A	<u>\$ 1,280,270</u>	<u>\$ 1,257,183</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJS 40:4-87		
Fund Balance Anticipated	A-1	\$ 477,525	\$ -	\$ 477,525	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-12	4,100		4,920	820
Fees & Permits	A-12	16,000		9,879	(6,121)
Fines and Costs:					
Municipal Court	A-12	105,000		81,169	(23,831)
Interest & Costs on Taxes	A-12	35,000		47,098	12,098
Interest on Investments & Deposits	A-2	8,800		4,480	(4,320)
Hotel & Motel Occupancy Fee	A-12	73,500		82,557	9,057
Consolidated Municipal Property Tax Relief Aid	A-12	15,333		15,333	
Energy Receipts Tax	A-12	244,211		244,211	
Uniform Construction Code Fees	A-12	65,000		110,419	45,419
General Capital Fund Surplus	A-15	88,822		88,822	
Clean Communities Program	A-18	9,014		9,014	
Recycling Tonnage Grant	A-18	7,061	6,971	14,032	
Drunk Driving Enforcement Fund	A-18		1,803	1,803	
Division of Criminal Justice Body Armor Fund	A-18		926	926	
NJ Department of Law and Public Safety-Emergency					
Management Agency Assistance Grant	A-18		5,000	5,000	
Division of Highway Traffic Safety - "Over the Limit Under Arrest	A-18		4,400	4,400	
Walmart Donations Police Department Equipment Purchase	A-18		1,500	1,500	
	A-1	671,841	20,600	725,563	33,122

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	NJS 40:4-87		
Receipts from Delinquent Taxes	A-1;A-2	\$ 144,997		\$ 203,044	\$ 58,047
Property Tax for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes	A-2	1,440,000		1,585,616	145,616
Budget Totals		2,734,363	\$ 20,600	2,991,748	\$ 236,785
Nonbudget Revenues	A-1;A-2			9,176	
		<u>\$ 2,734,363</u>	<u>\$ 20,600</u>	<u>\$ 3,000,924</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, 2011
(Continued)

<u>Allocation of Current Tax Collections</u>		<u>Ref.</u>		
Tax Collections	A-1;A-9			\$ 12,675,391
Allocated to:				
Local District School Taxes	A-9		\$ 5,435,308	
Regional High School Taxes	A-9		3,330,143	
County Taxes	A-9		1,997,553	
Local Fire District	A-1;A-9		298,200	
Municipal Open Space Tax	A-1;A-9		278,571	
				<u>11,339,775</u>
Balance for Support of Municipal Budget Appropriations				1,335,616
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3			<u>250,000</u>
Realized for Support of Municipal Budget	A-2			<u>\$ 1,585,616</u>
<u>Interest on Investments & Deposits Analysis</u>				
Treasurer	A-4			\$ 3,269
Other Trusts	A-13			387
Animal Control Fund	A-14			25
General Capital Fund	A-15			<u>799</u>
	A-2			<u>\$ 4,480</u>
<u>Interfund Analysis</u>		<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Other Trust Fund	A-13			\$ 27,786
Animal Control Fund	A-14			2,511
General Capital Fund	A-15		\$ 630	562
Federal & State Grant Fund	A-16			210
			<u>\$ 630</u>	<u>\$ 31,069</u>
		<u>Ref.</u>		<u>Advanced</u> <u>(Returned)</u>
				A-1

TOWNSHIP OF FRANKLIN
STATEMENT OF REVENUES REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Analysis of Non-Budget Revenue	Ref.		
<u>Treasurer:</u>			
Cable TV Franchise Fee		\$ 2,158	
Insurance Rebates & Refunds		8	
Sales of Miscellaneous Items		40	
Administrative Fees:			
NJ Veterans' & Senior Citizens' Deductions		560	
Homestead Rebates		204	
Facilities and Land Rent		760	
Recycling Sales		1,003	
Outstanding Checks Canceled		185	
Miscellaneous Rebates and Refunds		145	
Other Trust Fund Balances Canceled		235	
Prior Year Refunds:			
Other		61	
FEMA Aid Reimbursement		4,378	
Hunterdon County Wastewater Management Funds		1,482	
	A-4	<u> </u>	\$ 11,219
Less: FEMA Aid Disbursed to Other Parties	A-4		<u>2,043</u>
	A-2		<u>\$ 9,176</u>
<u>Analysis of Receipt from Delinquent Taxes</u>			
Taxes Receivable	A-9	\$ 169,943	
Tax Title Liens Receivable		<u>33,101</u>	
			<u>\$ 203,044</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
General Government:					
Mayor and Council:					
Salaries and Wages	\$ 18,100	\$ 18,100	\$ 18,100		
Municipal Clerk:					
Salaries and Wages	91,010	93,010	92,997	\$ 13	
Other Expenses	24,700	20,650	19,705	945	
Printing & Advertising	3,000	3,000	2,944	56	
Postage	2,000	4,050	4,036	14	
Central Office Supplies	500	500	150	350	
Election	2,400	2,400	1,815	585	
Financial Administration:					
Salaries and Wages	38,400	32,900	31,576	1,324	
Other Expenses	10,000	12,750	11,665	1,085	
Audit Services	24,000	25,500	25,500		
Assessment of Taxes:					
Salaries and Wages	25,670	25,670	25,670		
Other Expenses:					
Miscellaneous Other	1,000	1,000	150	850	
Preparation of Master Plan	300	300		300	
Revision of Tax Map	4,000	4,000	1,697	2,303	
Revenue Administration:					
Salaries and Wages	15,000	15,000	15,000		
Other Expenses	2,000	3,000	2,259	741	
Legal Services and Costs:					
Other Expenses	125,000	124,400	82,372	42,028	
Municipal Prosecutor:					
Salaries and Wages	12,400	12,400	11,880	520	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Land Use Administration:					
Planning Board:					
Salaries and Wages	\$ 9,888	\$ 9,888	\$ 9,888		
Other Expenses	5,000	5,000	3,763	\$ 1,237	
Board of Adjustment:					
Salaries and Wages	6,365	6,365	6,365		
Environmental Commission:					
Salaries & Wages	1,316	1,316	1,316		
Other Expenses	300	400	311	89	
Code Enforcement:					
Construction Official:					
Salaries and Wages	83,000	83,000	79,991	3,009	
Other Expenses	4,500	2,750	2,112	638	
Insurance:					
Other Insurance Premiums	1,000	1,000	810	190	
General Liability	127,600	127,600	127,556	44	
Group Insurance & Health Benefits	175,000	163,400	154,255	9,145	
Public Safety:					
Police:					
Salaries & Wages	530,446	530,446	502,277	28,169	
Other Expenses	47,040	47,040	41,588	5,452	
First Aid Organization-Contribution	9,000	9,000	9,000		
Office of Emergency Management:					
Salaries and Wages	1,266	1,266	1,266		
Other Expenses	3,500	3,500	2,567	933	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	\$ 210,000	\$ 226,500	\$ 221,203	\$ 5,297	
Other Expenses	78,100	67,600	64,257	3,343	
Snow Removal:					
Salaries and Wages	26,000	23,500	20,102	3,398	
Other Expenses	45,000	47,500	46,851	649	
Solid Waste Collection:					
Salaries and Wages	2,400	2,400	1,685	715	
Other Expenses	12,000	8,750	4,907	3,843	
Public Buildings and Grounds:					
Salaries and Wages	5,891	5,891	5,891		
Other Expenses	4,230	4,480	4,326	154	
Vehicle Maintenance:					
Other Expenses	2,600	3,100	1,737	1,363	
Recycling:					
Salaries and Wages	3,000	3,000	1,248	1,752	
Other Expenses	1,900	1,900	1,772	128	
Hurricane Irene & Lee:					
Salaries and Wages		3,466	3,466		
Other Expenses		21,534	8,763	12,771	
Halloween Snow Storm:					
Salaries and Wages		5,000	5,000		
Health and Human Services:					
Board of Health:					
Salaries and Wages	7,300	7,300	3,242	4,058	
Other Expenses	400	400	95	305	
Social Services-Donations	500	500		500	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS": (Cont'd)					
Health and Human Services: (Cont'd)					
Animal Control:					
Other Expenses	\$ 9,000	\$ 9,000	\$ 8,091	\$ 909	
Parks and Recreation:					
Recreation Committee:					
Other Expenses	6,500	6,500	6,500		
Senior Citizen Contribution	6,500	6,500		6,500	
Utilities:					
Gasoline and Diesel Fuel	30,900	35,100	34,032	1,068	
Heating Oil	7,500	13,900	12,808	1,092	
Electricity	11,500	11,500	8,848	2,652	
Telephone	11,000	11,000	8,918	2,082	
Street Lighting	6,000	6,000	5,193	807	
Total Operations Within "CAPS"	1,892,922	1,922,922	1,769,516	153,406	\$ -
Detail:					
Salaries and Wages	1,087,452	1,106,418	1,058,163	48,255	-
Other Expenses (Including Contingent)	805,470	816,504	711,353	105,151	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(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	\$ 115,982	\$ 115,982	\$ 115,982		
Public Employees Retirement System of NJ	56,436	56,436	56,436		
Social Security System (OASI)	85,000	85,000	81,875	\$ 3,125	
Unemployment Insurance	36,000	36,000	36,000		
Total Deferred Charges & Statutory Expenditures- Municipal Within "CAPS"	293,418	293,418	290,293	3,125	\$ -
Total General Appropriations for Municipal Purposes Within "CAPS"	2,186,340	2,216,340	2,059,809	156,531	-
Operations Excluded from "CAPS":					
Council on Affordable Housing:					
Salaries and Wages	2,000	2,000	1,700	300	
Other Expenses	100	100		100	
Municipal Court:					
Other Expenses	130,000	130,000	129,448	552	
Public & Private Programs Offset by Revenues:					
Matching Funds for Grants	1,000	1,000		1,000	
Division of Criminal Justice Body Armor Fund:					
Police:					
Other Expenses		926	926		
Drunk Driving Enforcement Fund:					
Salaries & Wages		1,803	1,803		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(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):					
NJ Division of Highway Traffic Safety-					
Over the Limit Under Arrest:					
Salaries & Wages		\$ 4,400	\$ 4,400		
NJ DEP Recycling Tonnage Grant:					
Other Expenses	\$ 7,061	14,032	14,032		
Wal-Mart Police Equipment Grant:					
Other Expenses		1,500	1,500		
NJ Department of Law and Public Safety-Emergency					
Management Agency Assistance Grant:					
Other Expenses		5,000	5,000		
Clean Communities Program:					
Other Expenses	9,014	9,014	9,014		
Total Operations Excluded from "CAPS"	149,175	169,775	167,823	\$ 1,952	\$ -
Detail:					
Salaries and Wages	2,000	8,203	5,003	300	-
Other Expenses	147,175	161,572	162,820	1,652	-
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	100	100	100		
Total Capital Improvements-Excluded from "CAPS"	100	100	100	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended by		Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Anticipation Notes	\$ 20,000	\$ 20,000	\$ 20,000		
Interest on Notes	5,000	5,000	4,838		\$ 163
Loan Repayment for Principal and Interest	38,748	38,748	38,748		
Total Municipal Debt Service-Excluded from "CAPS"	63,748	63,748	63,586	\$ -	163
Deferred Charges-Municipal-Excluded from "CAPS":					
Deferred Charges to Future Taxation-Unfunded:					
Improvements to West Syndey Road Ordinance 10-04	47,000	47,000	47,000		
Acquisition of Real Property Ordinance 09-05	38,000	38,000	38,000		
Total Deferred Charges-Municipal-Excluded from "CAPS"	85,000	85,000	85,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	298,023	318,623	316,509	1,952	163
Subtotal General Appropriations	2,484,363	2,534,963	2,376,318	158,483	163
Reserve for Uncollected Taxes	250,000	250,000	250,000		
Total General Appropriations	<u>\$ 2,734,363</u>	<u>\$ 2,784,963</u>	<u>\$ 2,626,318</u>	<u>\$ 158,483</u>	<u>\$ 163</u>
Ref.	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, 2011
(Continued)

	<u>Ref.</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 2,295,769
Reserve for Uncollected Taxes	A-2	250,000
Due to General Capital Fund	A-15	85,100
Reserve for Encumbrances	A-20	3,441
Appropriated Reserve for State Grants	A-29	<u>36,675</u>
		2,670,985
Less: Refunds	A-4	\$ 19,253
Due from Other Trust Fund-Health Insurance		
Withholdings In Payroll Fund	A-13	<u>25,414</u>
		44,667
	A-3	<u><u>\$ 2,626,318</u></u>
	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 2,734,363
Appropriation by NJS 40A:4-87	A-2	20,600
Emergency Authorization	A-17	<u>30,000</u>
	A-3	<u><u>\$ 2,784,963</u></u>

TOWNSHIP OF FRANKLIN
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
TRUST FUND

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS			
Animal Control Fund:			
Cash-Treasurer	B-1	\$ 12,272	\$ 15,053
Due from Current Fund	B-5	105	
		<u>12,377</u>	<u>15,053</u>
Other Trust Fund:			
Cash-Treasurer	B-1	1,681,214	1,664,775
Due from Current Fund	B-3	253,402	
Fair Housing Loan Receivable	B-16	36,000	36,000
		<u>1,970,616</u>	<u>1,700,775</u>
TOTAL ASSETS		<u><u>\$ 1,982,993</u></u>	<u><u>\$ 1,715,828</u></u>
LIABILITIES AND RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	\$ 12,377	\$ 12,542
Due to Current Fund	B-5		2,511
		<u>12,377</u>	<u>15,053</u>
Other Trust Fund:			
Due to Current Fund	B-3		27,786
Reserve for COAH Development Fees	B-7	291,090	286,272
Reserve for Developers' Deposits	B-8	259,854	291,412
Reserve for Fair Housing Program	B-9	557,833	557,141
Reserve for Special Deposits	B-10	708	508
Reserve for Unemployment Compensation	B-11	30,665	3,162
Reserve for Recreation Commission	B-12	21,694	21,395
Reserve for Open Space Preservation	B-13	683,272	436,854
Reserve for Storm Water Management	B-14	18,000	18,000
Reserve for Payroll	B-15	4,008	7,808
Reserve for Fair Housing Loan Receivable	B-16	36,000	36,000
Reserve for Tax Sale Premium	B-17	52,100	4,100
Reserve for DARE Escrow	B-18	4,833	5,983
Reserve for DEA Equitable Trust	B-19	2,272	
Reserve for Recycling Trust	B-20	4,875	
Accounts Payable	B-21	3,412	4,354
		<u>1,970,616</u>	<u>1,700,775</u>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 1,982,993</u></u>	<u><u>\$ 1,715,828</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS			
Cash-Treasurer	C-2	\$ 427,884	\$ 697,974
Deferred Charges to Future Taxation:			
Funded	C-5	396,312	426,678
Unfunded	C-6	2,707,645	2,950,145
TOTAL ASSETS		<u>\$ 3,531,841</u>	<u>\$ 4,074,797</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-13	\$ 755,000	\$ 800,000
Green Acres Loan Payable	C-14	396,312	426,678
Due to Current Fund	C-7	630	562
Improvement Authorizations:			
Funded	C-8	218,959	259,406
Unfunded	C-8	433,879	762,368
Capital Improvement Fund	C-9	665,456	665,356
Reserve for Acquisition, Development & Easements for Farmland Preservation	C-10	105,785	105,785
Reserve for Purchase of Emergency Medical Service Equipment	C-11	10,000	20,000
Reserve for Payment of Bonds & Notes	C-12	371,748	371,748
Fund Balance	C-1	574,072	662,894
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 3,531,841</u>	<u>\$ 4,074,797</u>
 Bonds and Notes Authorized But Not Issued	 C-15	 <u>\$ 1,990,145</u>	 <u>\$ 2,187,645</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 662,894
Decreased by:		
Anticipated as Revenue in Current Fund Budget	C-7	<u>88,822</u>
Balance December 31, 2011	C	<u><u>\$ 574,072</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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, 2011
(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 10th and adopt no later than March 20th 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, 2011
(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, 2011
(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, 2011
(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, 2011, 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, 2011
(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 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Issued:			
General:			
Bonds and Notes	\$ 1,151,312	\$ 1,226,678	\$ 1,344,445
Authorized but not Issued:			
General:			
Bonds and Notes	<u>1,990,145</u>	<u>2,187,645</u>	<u>1,984,645</u>
Bonds and Notes Issued & Authorized but not Issued	<u>\$ 3,141,457</u>	<u>\$ 3,414,323</u>	<u>\$ 3,329,090</u>

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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 .46%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,572,162	\$ 7,572,162	
Regional School District	267,892	267,892	
General Debt	<u>3,141,457</u>	<u>409,248</u>	\$ 2,732,209
	<u>\$ 10,981,511</u>	<u>\$ 8,249,302</u>	<u>\$ 2,732,209</u>

Net Debt \$2,732,209 divided by Equalized Valuation Basis per NJS 40A:2-2 as amended, \$589,910,133 equals .46%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 20,646,855
Net Debt	<u>2,732,209</u>
Remaining Borrowing Power	<u>\$ 17,914,646</u>

Changes in Long-Term Debt

During the year ended December 31, 2011, the following changes occurred in Long-Term Debt.

	<u>Balance Jan. 01, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2011</u>
Issued Debt:				
General Capital:				
Bond Anticipation Notes	\$ 800,000		\$ 45,000	\$ 755,000
Green Acres Loan Payable	426,678		30,366	396,312
Authorized But Not Issued Debt:				
General Capital:				
Bonds and Notes	<u>2,187,645</u>		<u>197,500</u>	<u>1,990,145</u>
Total	<u>\$ 3,414,323</u>	<u>\$ -0-</u>	<u>\$ 272,866</u>	<u>\$ 3,141,457</u>

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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, 2011. Bi-annual principal and interest installments with principal payments ranging from \$14,374 to \$19,182 begin September 14, 2011 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>	
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	33,542	5,206	38,748
2017-2021	178,101	15,640	193,741
2022-2023	56,979	1,143	58,122
	<u>\$ 396,312</u>	<u>\$ 49,291</u>	<u>\$ 445,603</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund \$ 488,300

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>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Balance of Tax (Overpaid)	\$ 1	\$ 70,000	\$ 1,665,071	\$ 1,589,244
Deferred			468,430	468,430
Tax Payable (Overpaid)	<u>\$ 1</u>	<u>\$ 70,000</u>	<u>\$ 1,196,641</u>	<u>\$ 1,120,814</u>

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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, 2011	Balance Dec. 31, 2010
Prepaid Taxes	\$ 208,091	\$ 74,380
Less: Discount Allowed	<u>-0-</u>	<u>-0-</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 208,091</u>	<u>\$ 74,380</u>

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 October 1, 2011 under Chapter 78, P.L. 2011 will gradually increase the employee contribution rate for PERS members from 5.5% to 7.5% of annual compensation by July 2018. Effective October 1, 2011, the rate will increase to 6.5%. After that, the rate will increase each July 1st over the seven year phase in until 7.5% effective July 1, 2018.

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, 2011
(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 6.5% for PERS and 10.0% 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 Annual Contribution		PERS Annual Contribution	
	Municipality	Employee	Municipality	Employee
2011	\$ 115,982	\$ 40,155	\$ 56,436	\$ 24,988
2010	97,770	36,984	43,488	24,763
2009	76,923	40,651	40,946	27,810

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 defined 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/treasury/pension/pdf/financial/gasb-43-aug2010.pdf>

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(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, 2011, 2010, and 2009, were \$0, \$0, and \$0, which equaled the required benefit contribution for each year. There were no retired participants eligible at December 31, 2011, 2010 and 2009.

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 \$125,970. 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, 2011:

	Balance Dec.31, 2010	Additions	Deletions	Balance Dec.31, 2011
Sites	\$ 6,149,577			\$ 6,149,577
Building & Building Improvements	498,769			498,769
Furniture, Machinery & Equipment	1,277,686	\$ 51,419	\$ 23,371	1,305,734
	<u>\$ 7,926,032</u>	<u>\$ 51,419</u>	<u>\$ 23,371</u>	<u>\$ 7,954,080</u>

TOWNSHIP OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the various balance sheets at December 31, 2011:

Fund	Interfund Receivables	Interfund Payables
Current Fund:		
Due from General Capital Fund	\$ 630	
Due from Federal & State Grant Fund		\$ 4,400
Due to Other Trust Fund		253,402
Due to Animal Control		105
Federal & State Grant Fund:		
Due from Current Fund	4,400	
General Capital Fund:		
Due to Current Fund		630
Animal Control Fund:		
Due from Current Fund	105	
Other Trust Fund:		
Due from Current Fund	<u>253,402</u>	
	<u>\$ 258,537</u>	<u>\$ 258,537</u>

The balance due from the Current Fund to the Federal and State Grant Fund represents grant funds received in the Current Fund. The balance due from the Current Fund to the Other Trust Fund represents the portion of the tax levy for the municipal open space tax not yet transferred less accumulated interest earnings due to the Current Fund. The balance due from the General Capital Fund to the Current Fund represents interest earnings. The balance due from the Current Fund to the Animal Control Fund represents the balance due at year end after various transactions.

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, 2011
(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>
2011	\$ 36,000	\$ 13	\$ 1,690	\$ 10,200	\$ 30,665
2010	20,000	13	1,843	19,316	3,162
2009	5,000	12	1,747	11,363	622

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON
2011
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, 2010	A	\$ 2,823,423	\$ 23,518
Increased by Receipts:			
Collector of Taxes	A-6	\$ 12,686,616	
Due from State of New Jersey	A-8	28,000	
Nonbudget Revenues	A-2	11,219	
Interest on Investments	A-2	3,269	
Appropriation Refunds	A-3	19,253	
Revenue Accounts Receivable	A-12	549,293	
Due from Other Trust Fund	A-13	30,993	
Due to Animal Control Fund	A-14	8,511	
Due from General Capital Fund	A-15	89,553	
Due to Federal & State Grant Fund	A-16	4,610	
State Grants Receivable	A-18		\$ 41,675
State & County Fees Payable	A-26	14,266	
Due to Other Municipalities	A-27	109	
		<u>13,445,692</u>	<u>41,675</u>
		16,269,115	65,193

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	\$ 2,295,769	
Refund of Nonbudget Revenues	A-2	2,043	
Local Fire District Taxes	A-9	298,200	
Revenue Accounts Receivable	A-12	805	
Due from General Capital Fund	A-15	85,100	
Appropriation Reserve Expenditures	A-19	54,283	
Reserve for Encumbrances	A-20	17,962	
Tax Overpayments Refunded	A-22	16,279	
Regional High School Taxes	A-23	3,254,316	
Local District School Taxes	A-24	5,505,307	
County Taxes	A-25	1,995,978	
State & County Fees Payable	A-26	11,510	
Due to Regular Fund	A-28		\$ 4,610
Appropriated Reserves for State Grants	A-29		29,383
		<u>\$ 13,537,552</u>	<u>\$ 33,993</u>
Balance December 31, 2011	A;A-5	<u><u>\$ 2,731,563</u></u>	<u><u>\$ 31,200</u></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, 2011	A-4	\$ 2,731,563	\$ 31,200
Increased by:			
Receipts		3,013,393	
		5,744,956	31,200
Decreased by:			
Disbursements		3,769,854	2,902
Balance February 29, 2012		<u>\$ 1,975,102</u>	<u>\$ 28,298</u>
<u>Cash Reconciliation February 29, 2012</u>			
Balance Per Statement:			
TD Bank		\$ 1,888,426	\$ 28,298
New Jersey Cash Management Fund		86,576	
		1,975,002	28,298
Add: Deposit in Transit		100	
Book Balance		<u>\$ 1,975,102</u>	<u>\$ 28,298</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF CURRENT FUND CASH-TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	-
Increased by Receipts:			
Taxes Receivable	A-9	\$	12,727,909
Tax Sale Premiums	A-6		48,000
Tax Title Lien Receipts	A-10		33,101
Revenue Accounts Receivable	A-12		47,098
Prepaid Taxes	A-21		208,091
Tax Overpayments	A-22		<u>21,462</u>
			<u>13,085,661</u>
			13,085,661
Decreased by Disbursements:			
Paid Treasurer	A-4		12,686,616
Tax Sale Premiums Paid to Trust Fund	A-6		<u>48,000</u>
			12,734,616
Balance December 31, 2011	A;A-7	\$	<u><u>351,045</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2011	A-6	\$ 351,045
Increased by:		
Receipts		<u>2,676,813</u>
		3,027,858
Decreased by:		
Disbursements		<u>2,733,205</u>
Balance February 29, 2012		<u><u>\$ 294,653</u></u>
 <u>Cash Reconciliation February 29, 2012</u>		
Balance Per Statement:		
TD Bank		<u>\$ 294,653</u>
Book Balance		<u><u>\$ 294,653</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	7,583
Increased by:			
Veterans' Deductions per Tax Billings		\$	24,500
Senior Citizens' Deductions per Tax Billings			3,250
Deductions Allowed by Tax Collector:			
Senior Citizens'			250
Veterans'			1,000
			<u>29,000</u>
Less: Senior Citizens' Deductions Disallowed by Tax Collector			<u>500</u>
	A-9		<u>28,500</u>
			36,083
Decreased by:			
Receipts	A-4	28,000	
Less: Prior Year Senior Citizens' Deductions Disallowed by Tax Collector	A-1	<u>250</u>	
			<u>28,250</u>
Balance December 31, 2011	A	<u>\$</u>	<u>7,833</u>

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

Year	Balance 12/31/2010	Levy 2011	Added 2011	Collected		Transferred to Tax Title Liens	Senior Citizens' & Veterans' Deductions	Tax Overpayments Applied	Cancellations	Balance 12/31/2011
				2010	2011					
2010	\$ 168,210		\$ 1,827		\$ 169,943	\$ 94				
2011		\$ 12,808,841		\$ 74,380	12,557,966	1,832	\$ 28,500	\$ 14,545	\$ 9,000	\$ 122,618
	<u>\$ 168,210</u>	<u>\$ 12,808,841</u>	<u>\$ 1,827</u>	<u>\$ 74,380</u>	<u>\$ 12,727,909</u>	<u>\$ 1,926</u>	<u>\$ 28,500</u>	<u>\$ 14,545</u>	<u>\$ 9,000</u>	<u>\$ 122,618</u>
Ref.	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)

	<u>Ref.</u>	
<u>Analysis of Current Year Property Tax</u>		
Tax Yield:		
General Purpose Tax		\$ 12,782,364
Added and Omitted Taxes		<u>26,477</u>
	A-9	<u>\$ 12,808,841</u>
Tax Levy:		
Local District School Tax	A-24	\$ 5,435,308
Regional District School Tax	A-23	3,330,143
County Regular Tax		\$ 1,676,908
County Library Tax		141,388
County Open Space Tax		175,002
County Share of Added and Omitted Taxes		<u>4,255</u>
Total County Taxes	A-25	1,997,553
Local Fire District	A-2;A-4	298,200
Municipal Open Space Tax		278,000
Municipal Open Space Share of Added and Omitted Taxes		<u>571</u>
Total Municipal Open Space Tax	A-13	278,571
Municipal Purpose Tax	A-2	1,440,000
Additional Tax Levied		<u>29,066</u>
Total Municipal Purpose Tax		<u>1,469,066</u>
	A-9	<u>\$ 12,808,841</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	56,298
Increased by:			
Transferred from Taxes Receivable	A-9	\$	1,926
Interest and Costs on Tax Sale & Penalty	Reserve		<u>1,974</u>
			<u>3,900</u>
			60,198
Decreased by:			
Receipts	A-6		<u>33,101</u>
Balance December 31, 2011	A	\$	<u><u>27,097</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	<u>400</u>
Balance December 31, 2011	A	\$	<u><u>400</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
Alcoholic Beverage Licenses	A-2		\$ 4,920	\$ 4,920	
Fees & Permits	A-2		9,879	9,879	
Municipal Court	A-2		86,121	81,169	\$ 4,952
Interest & Costs on Taxes	A-2		47,098	47,098	
Hotel & Motel Occupancy Fee	A-2		82,557	82,557	
Consolidated Municipal Property Tax Relief Aid	A-2		15,333	15,333	
Energy Receipts Tax	A-2		244,211	244,211	
Uniform Construction Code Fees	A-2		110,419	110,419	
		<u>\$ -</u>	<u>\$ 600,538</u>	<u>\$ 595,586</u>	<u>\$ 4,952</u>
	Ref.	A	Reserve	Below	A
Treasurer's Receipts	A-4			\$ 549,293	
Tax Collector's Receipts	A-6			47,098	
				<u>596,391</u>	
Less: Refunds	A-4			805	
				<u>\$ 595,586</u>	

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE FROM/TO OTHER TRUST FUNDS

	<u>Ref.</u>		
Balance December 31, 2010 (Due From)	A	\$	27,786
Increased by:			
Outside Police Services Administrative Fees	A-1	\$	2,575
Interest on Investments	A-2		387
Payroll Agency Health Insurance Withholdings	A-3		<u>25,414</u>
			<u>28,376</u>
			56,162
Decreased by:			
Receipts	A-4		30,993
Current Year Open Space Tax Levy	A-9		<u>278,571</u>
			<u>309,564</u>
Balance December 31, 2011 (Due To)	A	\$	<u><u>253,402</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE FROM/TO ANIMAL CONTROL FUND

	<u>Ref.</u>		
Balance December 31, 2010 (Due From)	A	\$	2,511
Increased by:			
Interest on Investments	A-2	\$	25
Statutory Excess in Reserve for Animal Control Expenditures	A-1		<u>5,870</u>
			<u>5,895</u>
			8,406
Decreased by:			
Receipts	A-4		<u>8,511</u>
Balance December 31, 2011 (Due To)	A	\$	<u><u>105</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND

	<u>Ref.</u>		
Balance December 31, 2010	A	\$	562
Increased by:			
Interest on Investments	A-2	\$	799
General Capital Surplus Anticipated in Budget	A-2		88,822
Disbursements	A-4		<u>85,100</u>
			<u>174,721</u>
			175,283
Decreased by:			
Current Year Budget Appropriation	A-3		85,100
Receipts	A-4		<u>89,553</u>
			<u>174,653</u>
Balance December 31, 2011	A	\$	<u><u>630</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010 (Due From)	A	\$	210
Decreased by:			
Receipts	A-4		<u>4,610</u>
Balance December 31, 2011 (Due To)	A	\$	<u><u>4,400</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF DEFERRED CHARGES

	Balance 12/31/2010	Added in 2011	Raised in 2011 Budget	Balance 12/31/2011
Emergency Authorizations		\$ 30,000		\$ 30,000
	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>
<u>Ref.</u>	A	A-3		A

TOWNSHIP OF FRANKLIN
SCHEDULE OF STATE GRANTS RECEIVABLE

Grant	Balance 12/31/2010	Revenue in 2011	Received	Balance 12/31/2011
Division of Highway Traffic Safety-2010 Holiday Statewide Crackdown	\$ 5,000		\$ 5,000	
Division of Criminal Justice Body Armor Fund		\$ 926	926	
Recycling Tonnage Grant		14,032	14,032	
Division of Highway Traffic Safety - "Over the Limit Under Arrest		4,400	4,400	
Walmart Donations Police Department Equipment Purchase		1,500	1,500	
Drunk Driving Enforcement Fund		1,803	1,803	
Clean Communities Grant		9,014	9,014	
NJ Department of Law and Public Safety- Emergency Management Agency Assistance Grant		5,000	5,000	
	<u>\$ 5,000</u>	<u>\$ 36,675</u>	<u>\$ 41,675</u>	<u>\$ -</u>
Ref.	A	A-2	A-4	A

TOWNSHIP OF FRANKLIN
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	Balance 12/31/2010	Balance After Transfer	Expended	Balance Lapsed
Mayor amd Coincil:				
Salaries and Wages	\$ 398	\$ 398		\$ 398
Municipal Clerk:				
Salaries and Wages	8,756	8,756		8,756
Other Expenses	19,575	19,575	\$ 1,292	18,283
Financial Administration:				
Salaries and Wages	152	452	446	6
Other Expenses	3,065	2,765	35	2,730
Audit Services	2,500	2,500		2,500
Assessment of Taxes:				
Other Expenses:				
Miscellaneous Other	6,519	1,119		1,119
Preparation of Master Plan	10,000	10,000	1,694	8,306
Revision of Tax Map	7,545	7,545		7,545
Revenue Administration:				
Other Expenses	2,066	2,066	144	1,922
Legal Services and Costs:				
Other Expenses	24,274	47,374	27,904	19,470
Planning Board:				
Other Expenses	11,099	2,399	2,384	15
Board of Adjustment:				
Salaries and Wages	1	1		1
Environmental Commission:				
Salaries and Wages	1	1		1
Other Expenses	7,627	3,627	9	3,618
Insurance:				
General Liability	101	101		101
Group Insurance & Health Benefits	11,164	11,164		11,164
Surety Bond Premiums	500	500		500
Other Insurance Premiums	1,164	1,164	56	1,108
Construction Code Official:				
Salaries and Wages	14	14		14
Other Expenses	5,306	5,306	2,137	3,169
Police:				
Salaries and Wages	40	1,040	1,000	40
Other Expenses	39,893	38,893	6,397	32,496
Office of Emergency Management:				
Other Expenses	3,561	3,561	220	3,341

TOWNSHIP OF FRANKLIN
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Balance 12/31/2010	Balance After Transfer	Expended	Balance Lapsed
Road Repairs and Maintenance:				
Salaries and Wages	\$ 3,421	\$ 3,421	\$ (2,381)	\$ 5,802
Other Expenses	5,528	5,528	3,838	1,690
Snow Removal:				
Salaries & Wages	2,015	2,015		2,015
Other Expenses	21,820	21,820	358	21,462
Solid Waste Collection:				
Salaries & Wages	1,245	1,245		1,245
Other Expenses	3,585	3,585	3,078	507
Public Buildings and Grounds:				
Other Expenses	7,104	7,104	(485)	7,589
Vehicle Maintenance:				
Other Expenses	6,243	1,243	195	1,048
Recycling:				
Salaries and Wages	1,304	1,304		1,304
Other Expenses	1,076	1,076	55	1,021
Board of Health:				
Salaries and Wages	4,910	4,910		4,910
Other Expenses	1,604	1,204		1,204
Social Services-Donations	1,000	1,000		1,000
Animal Control:				
Other Expenses	30	430	419	11
Utilities:				
Gasoline and Diesel Fuel	6,889	6,889	2,702	4,187
Heating Oil	7,582	7,582	2,623	4,959
Electricity	2,029	2,029		2,029
Telephone	1,270	1,270	163	1,107
Street Lighting	1,383	1,383		1,383
Contingent	2,500	2,500		2,500
Contribution to:				
Social Security System	11,774	11,774		11,774
Council on Affordable Housing:				
Other Expenses	5,000	5,000		5,000
Municipal Court:				
Other Expenses	484	484		484
Matching Funds	5,000	5,000		5,000
	<u>\$ 270,117</u>	<u>\$ 270,117</u>	<u>\$ 54,283</u>	<u>\$ 215,834</u>
	A		A-4	A-1

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 17,962
Increased by:		
Current Year Budget Charges	A-3	<u>3,441</u>
		21,403
Decreased by:		
Disbursements	A-4	<u>17,962</u>
Balance December 31, 2011	A	<u><u>\$ 3,441</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 74,380
Increased by:		
Collection of Subsequent Year's Taxes	A-6	<u>208,091</u>
		282,471
Decreased by:		
Applied to Current Year Taxes Receivable	A-9	<u>74,380</u>
Balance December 31, 2011	A	<u>\$ 208,091</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 14,545
Increased by:		
Overpayments Received	A-6	<u>21,462</u>
		36,007
Decreased by:		
Balances Canceled	A-1	\$ 21
Refunded	A-4	16,279
Applied to Taxes Receivable	A-9	<u>14,545</u>
		<u>30,845</u>
Balance December 31, 2011	A	<u>\$ 5,162</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	<u>Ref.</u>		
Balance December 31, 2010:			
School Tax Payable	A	\$ 1,120,814	
School Tax Deferred (14.29%)		<u>468,430</u>	
			\$ 1,589,244
Increased by:			
Levy-School Year July 1, 2011 to June 30, 2012	A-9		<u>3,330,143</u>
			4,919,387
Decreased by:			
Disbursements	A-4		<u>3,254,316</u>
Balance December 31, 2011:			
School Tax Payable	A	1,196,641	
School Tax Deferred (14.07%)		<u>468,430</u>	
			<u>\$ 1,665,071</u>
 <u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 3,254,316
Add: Tax Payable December 31, 2011			<u>1,196,641</u>
			4,450,957
Less: Tax Payable December 31, 2010			<u>1,120,814</u>
Amount Charged to Operations	A-1		<u>\$ 3,330,143</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF LOCAL SCHOOL TAX PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 70,000
Increased by:		
Current Year Levy	A-1;A-9	5,435,308
		<u>5,505,308</u>
Decreased by:		
Disbursements	A-4	5,505,307
		<u>5,505,307</u>
Balance December 31, 2011	A	<u>\$ 1</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 2,680
Increased by:		
Current Year Levy:		
County Taxes		\$ 1,676,908
County Library Tax		141,388
County Open Space Tax		175,002
County Share of Added & Omitted Taxes		4,255
	A-1;A-9	<u>1,997,553</u>
		<u>2,000,233</u>
Decreased by:		
Disbursements	A-4	1,995,978
		<u>1,995,978</u>
Balance December 31, 2011	A	<u>\$ 4,255</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF STATE AND COUNTY FEES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 3,350
Increased by:		
Receipts	A-4	<u>14,266</u>
		17,616
Decreased by:		
Disbursements	A-4	<u>11,510</u>
Balance December 31, 2011	A	<u>\$ 6,106</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE TO OTHER MUNICIPALITIES

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ -
Increased by:		
Receipts	A-4	<u>109</u>
Balance December 31, 2011	A	<u>\$ 109</u>

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

	<u>Ref.</u>	
Balance December 31, 2010 (Due To)	A	\$ 210
Decreased by:		
Disbursements	A-4	<u>4,610</u>
Balance December 31, 2011 (Due From)	A	<u><u>\$ 4,400</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

Grant Period	Grant	Balance 12/31/2010	Transferred from Budget	Paid or Charged	Balances Canceled	Balance 12/31/2011
01/01/10 to 06/30/11	Body Armor Grant	\$ 1,515		\$ 716		\$ 799
01/01/11 to 06/30/12	Body Armor Grant		\$ 926			926
01/01/10 to 06/30/11	Clean Communities Program	7,520		7,520		
01/01/11 to 06/30/12	Clean Communities Program		9,014	6,012		3,002
01/01/08 to 12/31/09	Drunk Driving Enforcement Fund	866		866		
01/01/09 to 12/31/10	Drunk Driving Enforcement Fund	1,334		270		1,064
01/01/10 to 12/31/11	Drunk Driving Enforcement Fund	2,964				2,964
01/01/10 to 12/31/11	Drunk Driving Enforcement Fund		1,803			1,803

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

Grant Period	Grant	Balance 12/31/2010	Transferred from Budget	Paid or Charged	Balances Canceled	Balance 12/31/2011
01/01/10 to 12/31/11	State Police Emergency Management Assistance	\$ 2,235		\$ 1,264		\$ 971
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		159		4,139
01/01/10 to 12/31/11	Recycling Tonnage Grant		\$ 14,032			14,032
01/01/11 to 06/30/12	NJ Department of Law and Public Safety- Emergency Management Agency Assistance Grant		5,000			5,000
01/01/10 to 06/30/11	Walmart Donations Police Department Equipment Purchase		1,500	600		900
01/01/11 to 06/30/12	Division of Highway Traffic Safety - "Over the Limit Under Arrest		4,400	4,400		
01/01/10 to 06/30/11	Division of Highway Traffic Safety - 2010 Holiday Statewide Crackdown	5,000		5,000		
		<u>\$ 28,308</u>	<u>\$ 36,675</u>	<u>\$ 29,383</u>	<u>\$ -</u>	<u>\$ 35,600</u>
	<u>Ref.</u>	A	A-3	A-4		A

TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON
2011
TRUST FUND

TOWNSHIP OF FRANKLIN
SCHEDULE OF TRUST FUND CASH-TREASURER

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2010	B	\$ 15,053	\$ 1,664,775
Increased by Receipts:			
Due to Current Fund-Other Trust Fund	B-3		\$ 387
Animal Control Fund	B-4	\$ 6,608	
Due to Current Fund-Animal Control Fund	B-5	25	
Due from State of New Jersey	B-6	949	
COAH Development Fees	B-7		4,818
Developers' Deposits	B-8		61,379
Fair Housing Program	B-9		692
Special Deposits	B-10		19,663
Unemployment Compensation	B-11		36,013
Recreation Commission	B-12		7,014
Open Space Preservation	B-13		550
Payroll	B-15		1,534,941
Tax Sale Premium	B-17		48,000
Reserve for DARE Escrow	B-18		1,850
Reserve for DEA Equitable Trust	B-19		2,272
		<u>7,582</u>	<u>1,717,579</u>
		22,635	3,382,354
Decreased by Disbursements:			
Due from Current Fund	B-3		25,743
Animal Control Fund	B-4	903	
Due to Current Fund	B-5	8,511	
Due from State of New Jersey	B-6	949	
Developers' Deposits	B-8		92,937
Special Deposits	B-10		17,263
Unemployment Compensation	B-11		6,788
Recreation Commission	B-12		6,715
Open Space Preservation	B-13		32,703
Payroll	B-15		1,511,637
Reserve for DARE Escrow	B-18		3,000
Accounts Payable	B-21		4,354
		<u>10,363</u>	<u>1,701,140</u>
Balance December 31, 2011	B	<u>\$ 12,272</u>	<u>\$ 1,681,214</u>

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

	Ref.	Animal Control Funds	Other Trust Fund
Balance December 31, 2011	B-1	\$ 12,272	\$ 1,681,214
Increased by:			
Receipts		4,590	526,286
		16,862	2,207,500
Decreased by:			
Disbursements		2,690	240,381
Balance February 29, 2012		<u>\$ 14,172</u>	<u>\$ 1,967,119</u>

Cash Reconciliation February 29, 2012

Balance per Statement:			
TD Bank		\$ 14,172	\$ 1,889,033
New Jersey Cash Management Fund			87,372
		14,172	1,976,405
Add: Deposits in Transit			17
		14,172	1,976,422
Less: Outstanding Checks			9,303
Book Balance		<u>\$ 14,172</u>	<u>\$ 1,967,119</u>

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

	<u>Ref.</u>		
Balance December 31, 2010 (Due To)	B	\$	27,786
Increased by:			
Interest on Investments	B-1	\$	387
Payroll Agency Health Insurance Withholdings	B-15		25,414
Outside Police Service's Administrative Fees	B-10		2,575
			<u>28,376</u>
			56,162
Decreased by:			
Disbursements	B-1		25,743
Outside Police Fees Received in Current Fund	B-10		375
Current Year Open Space Tax Levy	B-13		278,571
Recycling Trust Fees Received in Current Fund	B-20		4,875
			<u>309,564</u>
Balance December 31, 2011 (Due From)	B; Below	\$	<u>253,402</u>
Analysis of Balance December 31, 2011			
(Due To Current Fund)			
Developers' Deposits		\$	23,386
Storm Water Management			1,649
Tax Sale Premium			710
Payroll Agency Account			4,674
			<u>\$ 30,419</u>
Analysis of Balance December 31, 2011			
(Due From Current Fund)			
Outside Police Fees		\$	375
Open Space Preservation			278,571
Recycling Trust			4,875
			<u>\$ 283,821</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	12,542
Increased by Receipts:			
Animal Control Fees	B-1		6,608
			<u>19,150</u>
Decreased by:			
Expenditures Under RS 4:119-15	B-1	\$	903
Statutory Excess Due To Current Fund	B-5		<u>5,870</u>
			<u>6,773</u>
Balance December 31, 2011	B	\$	<u><u>12,377</u></u>
Animal Control Fees			
2009		\$	6,833
2010			<u>5,569</u>
Maximum Allowable Reserve		\$	<u><u>12,402</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2010 (Due To)	B	\$	2,511
Increased by:			
Interest on Investments	B-1	\$	25
Statutory Excess in Reserve for Animal Control Expenditures	B-4	<u>5,870</u>	<u>5,895</u>
			8,406
Decreased by:			
Disbursements	B-1		<u>8,511</u>
Balance December 31, 2011 (Due From)	B	<u>\$</u>	<u>105</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	-
Increased by:			
State Fees Collected	B-1	<u>949</u>	<u>949</u>
Decreased by:			
State Fees Remitted	B-1	<u>949</u>	<u>949</u>
Balance December 31, 2011	B	<u>\$</u>	<u>-</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR COAH DEVELOPMENT FEES

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 286,272
Increased by:		
Fees Collected		\$ 4,192
Interest Income		<u>626</u>
	B-1	<u>4,818</u>
Balance December 31, 2011	B	<u><u>\$ 291,090</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 291,412
Increased by:		
Receipts	B-1	<u>61,379</u>
		352,791
Decreased by:		
Disbursements	B-1	<u>92,937</u>
Balance December 31, 2011	B	<u><u>\$ 259,854</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR FAIR HOUSING PROGRAM

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 557,141
Increased by:		
Interest Earned on Deposits	B-1	<u>692</u>
Balance December 31, 2011	B	<u><u>\$ 557,833</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF SPECIAL DEPOSITS

	<u>Ref.</u>		
Balance December 31, 2010	B		\$ 508
Increased by:			
Deposits Received	B-1	\$ 19,663	
Deposits Received in Current Fund	B-3	<u>375</u>	
			<u>20,038</u>
			20,546
Decreased by:			
Disbursements	B-1	17,263	
Outside Police Services Administrative Fees	B-3	<u>2,575</u>	
			<u>19,838</u>
Balance December 31, 2011	B		<u><u>\$ 708</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	3,162
Increased by:			
Interest Earned	B-1	\$	13
Current Fund Budget Appropriation	B-1		36,000
Employee Withholdings:			
Due from Payroll	B-15		<u>1,690</u>
			<u>37,703</u>
			40,865
Decreased by:			
Disbursements	B-1		6,788
Accounts Payable	B-21		<u>3,412</u>
			<u>10,200</u>
Balance December 31, 2011	B	\$	<u><u>30,665</u></u>

B-12

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR RECREATION COMMISSION

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	21,395
Increased by:			
Deposits Received		\$	490
Current Fund Budget Appropriation			6,500
Interest Earned			<u>24</u>
	B-1		<u>7,014</u>
			28,409
Decreased by:			
Disbursements	B-1		<u>6,715</u>
Balance December 31, 2011	B	\$	<u><u>21,694</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR OPEN SPACE PRESERVATION

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	436,854
Increased by:			
Current Year Open Space Tax Levy	B-3	\$	278,571
Interest on Investments	B-1		<u>550</u>
			<u>279,121</u>
			715,975
Decreased by:			
Disbursements:			
Reimbursement to Hunterdon Land Trust			2,220
Debt Service Paid:			
Note Interest			5,483
Note Principal			<u>25,000</u>
	B-1		<u>32,703</u>
Balance December 31, 2011	B	\$	<u>683,272</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR STORM WATER MANAGEMENT

	<u>Ref.</u>		
Balance December 31, 2010	B	\$	<u>18,000</u>
Balance December 31, 2011	B	\$	<u>18,000</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR PAYROLL

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 7,808
Increased by:		
Gross Payroll and Employer Expenses	B-1	<u>\$ 1,534,941</u>
		1,542,749
Decreased by:		
Disbursements	B-1	1,511,637
Employee Withholdings Due to:		
Current Fund for Health Insurance Withholdings	B-3	25,414
Unemployment Compensation	B-11	<u>1,690</u>
		<u>1,538,741</u>
Balance December 31, 2011	B	<u><u>\$ 4,008</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR FAIR HOUSING LOAN RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	B	<u>\$ 36,000</u>
Balance December 31, 2011	B	<u><u>\$ 36,000</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 4,100
Increased by:		
Deposits Received	B-1	<u>48,000</u>
Balance December 31, 2011	B	<u><u>\$ 52,100</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR DARE ESCROW

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 5,983
Increased by:		
Deposits Received	B-1	<u>1,850</u>
		7,833
Decreased by:		
Disbursements	B-1	<u>3,000</u>
Balance December 31, 2011	B	<u><u>\$ 4,833</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR DEA EQUITABLE TRUST

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ -
Increased by:		
Deposits Received	B-1	<u>2,272</u>
Balance December 31, 2011	B	<u>\$ 2,272</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF RESERVE FOR RECYCLING TRUST

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ -
Increased by:		
Deposits Received in Current Fund	B-3	<u>4,875</u>
Balance December 31, 2011	B	<u>\$ 4,875</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 4,354
Increased by:		
Unemployment Invoices Made Payable	B-11	<u>3,412</u>
		7,766
Decreased by:		
Disbursements	B-1	<u>4,354</u>
Balance December 31, 2011	B	<u><u>\$ 3,412</u></u>

TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON
2011
GENERAL CAPITAL FUND

TOWNSHIP OF FRANKLIN
SCHEDULE OF GENERAL CAPITAL CASH-TREASURER

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 697,974
Increased by Receipts:			
Interest on Investments	C-7	\$ 799	
Due to Current Fund	C-7	85,100	
Improvement Authorizations' Refunds Received	C-8	12,027	
Proceeds from NJ DOT Aid	C-6	112,500	
	C-4		<u>210,426</u>
			908,400
Decreased by Disbursements:			
Due to Current Fund	C-7	89,553	
Improvement Authorizations	C-8	390,963	
	C-4		<u>480,516</u>
Balance December 31, 2011	C		<u>\$ 427,884</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	C-2	\$ 427,884
Increased by:		
Receipts		66
		<u>427,950</u>
Decreased by:		
Disbursements		62
		<u>62</u>
Balance February 29, 2012		<u><u>\$ 427,888</u></u>
 <u>Cash Reconciliation February 29, 2012</u>		
Balance on Deposit:		
TD Bank		\$ 364,456
New Jersey Cash Management Fund		63,432
		<u>63,432</u>
Book Balance		<u><u>\$ 427,888</u></u>

TOWNSHIP OF FRANKLIN
ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts	Disbursements	Transfers To (From)	Balance Dec. 31, 2011
Capital Fund Balance	\$ 662,894			\$ (88,822)	\$ 574,072
Capital Improvement Fund	665,356			100	665,456
Due to Current Fund	562	\$ 85,899	\$ 89,553	3,722	630
Reserve for Acquisition Development & Easements for Farmland Preservation	105,785				105,785
Reserve for Purchase of Emergency Medical Service Equipment	20,000			(10,000)	10,000
Reserve for Payment of Bonds & Notes	371,748				371,748
Excess Bond Anticipation Note Proceeds	37,500				37,500
Improvement Authorizations:					
Ord #01-01 Purchase of Real Estate (Frazee Farm)	36,178				36,178
Ord #01-02 Purchase of Real Estate (Griffin)	(261,351)		6,065		(267,416)
Ord #02-01 Acquisition of Real Property (Frontage Rd)	(235,010)		6,065		(241,075)
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)	180,577		1,033		179,544
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, 2010	Receipts	Disbursements	Transfers (From) To	Balance Dec. 31, 2011
Improvement Authorizations: (Cont'd)					
Ord #08-01 Acquisition of Office Furniture & Fixtures	\$ 36,232		\$ 6,443		\$ 29,789
Ord #08-09 Purchase of Drainage Materials & Reconstruction, Resurfacing and Improvements of Various Public Roads	59,673	\$ 12,027	30,118		41,582
Ord #08-12 Acquisition of Real Property for Municipal Use (Stryker Property)	77,686		364		77,322
Ord #09-05 Acquisition of Real Property for Municipal Use (Sampaio Property)	(64,183)			\$ 38,000	(26,183)
Ord #09-08 Reconstruction & Rehabilitation of Mathew Drive	52,223				52,223
Ord #10-04 Improvements to West Sydney Road	4,668	112,500	319,630	47,000	(155,462)
Ord #10-05 Replacement of an Alamo Boom Mower Head	12,000		11,245		755
Ord #11-07 Rebuilding of Ambulance #1			10,000	10,000	
	<u>\$ 697,974</u>	<u>\$ 210,426</u>	<u>\$ 480,516</u>	<u>\$ -</u>	<u>\$ 427,884</u>
<u>Ref.</u>	C	C-2	C-2		C

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

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 426,678
Decreased by:		
Current Year Budget Appropriation to Pay Loans	C-14	<u>30,366</u>
Balance December 31, 2011	C	<u>\$ 396,312</u>

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

Improvement Description	Balance Dec. 31, 2010	Current Year Authorizations	Grants & Donations Received	Notes Paid	Funded by Current Year Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance December 31, 2011		
							Expenditures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Purchase of Real Estate (Griffin Property)	\$ 285,000					\$ 285,000	\$ 267,416	\$ 17,584	
Acquisition of Real Property (8 Frontage Rd)	251,750					251,750	241,075	10,675	
Acquisition of Real Property (Summit Manor)	425,095			\$ 25,000		400,095		95	\$ 400,000
Acquisition of Development Easements	1,235,000					1,235,000	1,122,996	112,004	
Hogback Rd Drainage Improvements	62,500			11,000		51,500			51,500
Acquisition of a Rubber Tire Wheel Loader									
Acquisition of Real Property for Municipal Use (Stryker Property)	285,000			9,000		276,000		10,000	266,000
Acquisition of Real Property (Sampaio Property)	90,800				\$ 38,000	52,800	26,183	26,617	
Improvements to West Sydney Rd	315,000		\$ 112,500		47,000	155,500	155,462	38	
	<u>\$ 2,950,145</u>	<u>\$ -</u>	<u>\$ 112,500</u>	<u>\$ 45,000</u>	<u>\$ 85,000</u>	<u>\$ 2,707,645</u>	<u>\$ 1,813,132</u>	<u>\$ 177,013</u>	<u>\$ 717,500</u>
<u>Ref.</u>	C		C-2; C-15	C-13	C-7; C-15	C	C-4	Below	C-13
Improvement Authorizations-Unfunded							<u>Ref.</u>		
Less: Unexpended Proceeds of Ordinances							C-8	\$ 433,879	
with Notes Issued								256,866	
								<u>\$ 177,013</u>	

TOWNSHIP OF FRANKLIN
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2010	C		\$ 562
Increased by:			
General Capital Surplus Anticipated in Budget	C-1	\$ 88,822	
Interest on Investments	C-2	799	
Receipts	C-2	<u>85,100</u>	
			<u>174,721</u>
Decreased by:			
Disbursements	C-2	89,553	
Current Year Budget Appropriation:			
Capital Improvement Fund	C-9	100	
Deferred Charges to Future Taxation-Unfunded	C-6	<u>85,000</u>	
			<u>174,653</u>
Balance December 31, 2011	C		<u><u>\$ 630</u></u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorizations	Paid or Charged	Balances Canceled	Balance Dec. 31, 2011	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Purchase of Real Estate (Frazee Farm)	2001-01	\$ 1,100,000	\$ 36,178					\$ 36,178	
Purchase of Real Estate (Griffin Property)	2001-02	300,000		\$ 23,649		\$ 6,065			\$ 17,584
Acquisition of Real Property (8 Frontage Rd)	2002-01	265,000		16,740		6,065			10,675
Acquisition of Real Property (Cherryville Farm)	2003-01	3,300,000	58,432					58,432	
Acquisition of Real Property (Summit Manor)	2005-01	1,000,000							
	2006-02	400,000							
	2007-08	1,900,000		180,672		1,033			179,639
Acquisition of Development Easement	2005-02	1,300,000		112,004					112,004
Acquisition of a Dump Truck & Tractor	2006-06	95,000							
Acquisition of Office Furniture & Fixtures	2008-01	40,500	36,232			6,443		29,789	
Purchase of an Emergency Generator	2008-07	25,000							
Purchase of Drainage Materials and Reconstruction, Resurfacing and Improvements of Various Public Roads	2008-09	116,000	59,673			18,091		41,582	
Acquisition of Real Property for Municipal Use (Stryker Property)	2008-12	300,000		87,686		364			87,322
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	52,223					52,223	
Improvements to West Sydney Rd	2010-04	350,000	4,668	315,000		319,630			38
Replacement of an Alamo Boom Mower Head	2010-05	12,000	12,000			11,245		755	
Rebuilding of Ambulance # 1	2011-07	10,000			\$ 10,000	10,000			
			<u>\$ 259,406</u>	<u>\$ 762,368</u>	<u>\$ 10,000</u>	<u>\$ 378,936</u>	<u>\$ -</u>	<u>\$ 218,959</u>	<u>\$ 433,879</u>
	Ref.		C	C	C-11	Below		C	C
Disbursements	C-2					\$ 390,963			
Less: Refunds Received	C-2					(12,027)			
						<u>\$ 378,936</u>			

TOWNSHIP OF FRANKLIN
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 665,356
Increased by:		
Current Year Budget Appropriation	C-7	<u>100</u>
Balance December 31, 2011	C	<u><u>\$ 665,456</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 105,785</u>
Balance December 31, 2011	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, 2010	C	\$ 20,000
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-8	<u>10,000</u>
Balance December 31, 2011	C	<u><u>\$ 10,000</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2010	C	<u>\$ 371,748</u>
Balance December 31, 2011	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, 2010	Increased	Decreased	Balance Dec. 31, 2011
		Original Note Issue	Current Note Issue	Current Note Maturity					
Various	Various	12/12/03	08/25/10	08/25/11	1.39%	\$ 800,000		\$ 800,000	
			08/24/11	08/24/12	1.45%		\$ 755,000		\$ 755,000
						<u>\$ 800,000</u>	<u>\$ 755,000</u>	<u>\$ 800,000</u>	<u>\$ 755,000</u>
					<u>Ref.</u>	C	Below	Below	Below
			Notes Reissued		Contra C-6	\$ 755,000	\$ 755,000		
		Notes Paid					45,000		
						<u>\$ 755,000</u>	<u>\$ 800,000</u>		
Notes Representing Deferred Charges-Unfunded						C-6			\$ 717,500
Excess Amount of Notes Issued						C-4			<u>37,500</u>
									<u>\$ 755,000</u>

TOWNSHIP OF FRANKLIN
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 426,678
Decreased by:		
Principal Paid by Budget Appropriation	C-5	<u>30,366</u>
Balance December 31, 2011	C	<u>\$ 396,312</u>

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

Ordinance #	Improvement Description	Balance Dec. 31, 2010	Increased in 2011	Decreased in 2011	Balance Dec. 31, 2011
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
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)	90,800		\$ 38,000	52,800
2010-04	Improvements to West Sydney Road	315,000		159,500	155,500
		<u>\$ 2,187,645</u>	<u>\$ -</u>	<u>\$ 197,500</u>	<u>\$ 1,990,145</u>
	<u>Ref.</u>	C		C-6	C

TOWNSHIP OF FRANKLIN
COUNTY OF HUNTERDON
2011
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF FRANKLIN
SCHEDULE OF GENERAL FIXED ASSETS
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
GENERAL FIXED ASSETS		
Sites	\$ 6,149,577	\$ 6,149,577
Building and Building Improvements	498,769	498,769
Machinery and Equipment	<u>1,305,734</u>	<u>1,277,686</u>
	<u>\$ 7,954,080</u>	<u>\$ 7,926,032</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

April 17, 2012

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, 2011, and have issued our report thereon dated April 17, 2012. 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, 2011

Purpose	Award Amount	Grant Period		Balance Dec. 31, 2010	Receipts	Expended	Balance Canceled	Balance Dec. 31, 2011
		From	To					
Body Armor Fund	\$ 1,620	01/01/09	12/31/11	\$ 1,515		\$ 716		\$ 799
Body Armor Fund	926	01/01/11	12/31/12		\$ 926			926
Clean Communities Program	9,193	01/01/10	06/30/11	7,520		7,520		
Clean Communities Program	9,014	01/01/11	06/30/12		9,014	6,012		3,002
Police Emergency Management Grant	5,000	01/01/10	12/31/11	2,235		1,264		971
Drunk Driving Enforcement Fund	1,366	01/01/08	12/31/09	866		866		-
Drunk Driving Enforcement Fund	1,334	01/01/09	06/30/10	1,334		270		1,064
Drunk Driving Enforcement Fund	2,964	01/01/10	12/31/11	2,964				2,964
Drunk Driving Enforcement Fund	1,803	01/01/11	12/31/12		1,803			1,803
Division of Highway Traffic Safety-2010 Holiday Statewide Crackdown	5,000	01/01/10	12/31/11		5,000	5,000		
NJ Department of Law and Public Safety- Emergency Management Agency Assistance Grant	5,000	01/01/11	12/31/12		5,000			5,000
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		159		4,139
NJ Recycling Tonnage	14,032	01/01/11	12/31/12		14,032			14,032
Division of Highway Traffic Safety - "Over the Limit Under Arrest	4,400	01/01/11	12/31/12		4,400	4,400		
NJ DOT West Sydney Road	150,000	01/01/11	12/31/12		112,500	150,000		(37,500)
				<u>\$ 23,308</u>	<u>\$ 152,675</u>	<u>\$ 178,783</u>	<u>\$ -</u>	<u>\$ (2,800)</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

	2011		2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 477,525	3.33	\$ 1,029,000	7.07
Collection of Current Tax Levy	12,675,391	88.36	12,556,692	86.24
Collection of Delinquent Taxes & Tax Title Liens	203,044	1.41	176,383	1.21
Miscellaneous	989,478	6.90	798,566	5.48
Total Income	14,345,438	100.00	14,560,641	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	2,534,801	18.27	2,923,250	20.55
Regional School Taxes	3,330,143	24.00	3,178,488	22.35
Local School Taxes	5,435,308	39.17	5,464,174	38.42
County Taxes	1,997,553	14.40	2,077,216	14.60
Municipal Open Space Tax	278,571	2.01	280,360	1.97
Local Fire District Tax	298,200	2.15	300,000	2.11
Other Deductions	250	-	500	-
Total Expenditures	13,874,826	100.00	14,223,988	100.00
Excess in Revenue	470,612		336,653	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which Are				
By Statute Deferred Charges to Budget				
of Succeeding Years:				
Emergency Authorization	30,000			
Statutory Excess to Fund Balance	500,612		336,653	
<u>Fund Balance</u>				
Fund Balance January 1,	1,257,183		1,949,530	
	1,757,795		2,286,183	
Less: Utilization as Anticipated Revenue	477,525		1,029,000	
Fund Balance December 31,	\$ 1,280,270		\$ 1,257,183	

TOWNSHIP OF FRANKLIN
STATISTICAL DATA
(Continued)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment						Total Tax Rate
	Fire District	Municipal Open Space	Municipal	County	Local School	Regional High School	
2011	\$ 0.05	\$ 0.05	\$ 0.26	\$ 0.36	\$ 0.98	\$ 0.60	\$ 2.30
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
2011	\$ 556,723,154	\$ 604,341,098	92.12%
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%

* 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
2011	\$ 12,808,841	\$ 12,675,391	98.96%
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%

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
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
2011	5,265,200	389,984,000	1,086,500	38,189,100	117,369,418	2,340,800	554,235,018	2,488,136	556,723,154

(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
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%
2011	27,097	122,618	149,715	1.17%

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:

Year	Amount
2011	\$ 400
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

	Year	Dec. 31,	Utilized in Budget of Succeeding Year
Current Fund	2011	\$ 1,280,270	\$ 488,300
	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, 2011
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Worker's 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 and Contents	100,000,000	\$ 1,000
Liability Coverage Casualty Per Occurrence	250,000	
Excess General Liability-Municipal Excess Liability Joint Insurance Fund:		
Fund Limits	9,750,000	
Public Officials Liability-Indian Harbor Insurance Company:		
Policy Limit	2,000,000	25,000
Environmental Impairment - Public Alliance Insurance Fund Through Illinois Union Insurance Company:		
Fund Limit	10,000,000	10,000
Recreation Volunteer Accident Policy-QEB Insurance Company:		
Accidental Medical Expense	5,000	
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 Township

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>
Scott Bauman	Mayor
Robert McGeary	Deputy Mayor
Vigdis Austad	Committeeperson
Susan Campbell	Committeeperson
Steven Tarshis	Committeeperson

* * * * *

<u>Name</u>	<u>Title</u>
Ursula Stryker	Municipal Clerk
Diane Laudenbach	Treasurer & Chief Financial Officer (From 07/14/11)
Ronald Mathews	Treasurer (To 06/30/11)
Michael Balogh	Chief Financial Officer (To 06/30/11)
Linda Swackhamer	Tax Collector
Mary Mastro	Assessor
Anthony Koester	Attorney
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, (\$17,500 effective January 1, 2011) except by contract or agreement."

In accordance with 40A:11-3 © and NJAC 5:34-5 et seq. the Municipality has appointed a "Qualified Purchasing Agent" which allows the Municipality to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

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 Salt
Police Vehicle
Road Materials
Road Construction Improvements

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 \$36,000 "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 2011, 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 2011 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>
2011	5
2010	5
2009	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 April 17, 2012.

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