

**TOWNSHIP OF FRANKLIN**

**COUNTY OF GLOUCESTER**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2011**

**TOWNSHIP OF FRANKLIN**

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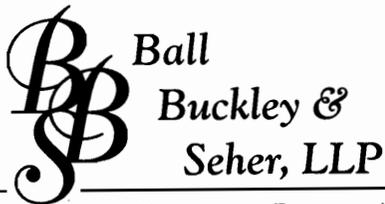
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**TOWNSHIP OF FRANKLIN**

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**REPORT OF EXAMINATION ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA**

**For the Year Ended December 31, 2011**



CERTIFIED PUBLIC ACCOUNTANTS



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Franklin, County of Gloucester, State of New Jersey, 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 statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds, as of and for the year ended December 31, 2011, which collectively comprise the Township of Franklin's financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Franklin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township of Franklin prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey. These practices are a basis of accounting other than accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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In our opinion, because of the effects on the financial statements of the requirement that the Township of Franklin prepare its financial statements in accordance with the accounting practices 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 as of December 31, 2011 and 2010, or the results of its operations and changes in fund balance for the years then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - regulatory basis of the various funds and account groups of the Township of Franklin as of December 31, 2011 and 2010, and the results of operations and changes in fund balances - regulatory basis of such funds for the year then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years ended December 31, 2011 and 2010 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2012, on our consideration of the Township of Franklin's internal control structure 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Franklin's financial statements as a whole. The accompanying supplemental schedules and information presented in the "General Comments", "Other Comments", and "Schedule of Findings and Questioned Costs" sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, is fairly stated in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,

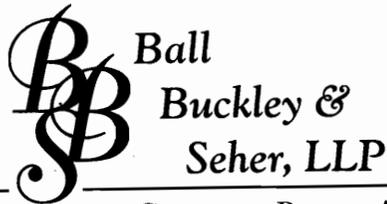
*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Certified Public Accountants



William H. Buckley, III  
Registered Municipal Accountant #46  
Certified Public Accountant

July 5, 2012



CERTIFIED PUBLIC ACCOUNTANTS



**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**

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

We have audited the financial statements - regulatory basis of the Township of Franklin, County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated July 5, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township of Franklin'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 Township of Franklin's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Township of Franklin's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township of Franklin's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Franklin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services which is described in the accompanying schedule of findings and recommendations as item 2011-1.

This report is intended solely for the information and use of management, the Township Committee of the Township of Franklin, others within the entity, and federal awarding agencies and pass-through entities, the New Jersey Division of Local Government Services, and certain other interested government agencies and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Certified Public Accountants



William H. Buckley, III  
Registered Municipal Accountant #46  
Certified Public Accountant

July 5, 2012

**CURRENT FUND**

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2011 and 2010**

Ref.	Balance December 31, 2011	Balance December 31, 2010	Ref.	Balance December 31, 2011	Balance December 31, 2010	Ref.	Balance December 31, 2011	Balance December 31, 2010	Ref.

**ASSETS**

<b>Regular fund:</b>									
Cash - chief financial officer	A-4	\$ 1,283,797.32	\$ 1,491,098.15	A-3,A-9	\$ 218,347.99	\$ 374,768.80			
Cash - tax collector	A-5	390,599.34	20,814.61	A-3,A-9	66,863.91	58,504.32			
Cash - change funds		220.00	220.00	A-9	139.52	78,207.00			
<b>Total</b>		<u>1,674,616.66</u>	<u>1,512,132.76</u>		<u>329,616.20</u>	<u>9,933.87</u>			<u>348,605.48</u>

<b>Receivables and other assets with full reserves:</b>									
Delinquent property taxes receivable	A-6	10,304.83	913.88						
Tax title liens receivable	A-7	657,385.20	353,870.42						
Property acquired for taxes - assessed valuation									
Revenue accounts receivable	A-8	4,421,138.89	5,454,458.87						
Cleanup charge liens receivable		77,455.87	46,277.84						
Cleanup charges receivable		0.00	0.00						
Amount due from general capital fund	C	0.00	283.00						
Amount due from dog license trust	B	2,280.35	15,720.47						
Amount due from trust funds - other	B	5,255.65	46,706.63						
Amount due from state and federal grant fund	A	0.00	90,933.37						
Amount due from payroll funds	F	1,591.61	0.00						
Prepaid fire district taxes	A-1	0.00	0.21						
Prepaid regional school taxes	A-11	0.00	219,187.77						
<b>Total</b>		<u>5,175,412.40</u>	<u>6,310,048.09</u>						

<b>Deferred charges:</b>									
Special emergency authorization (5 years)		26,000.00	39,000.00						
<b>Total</b>		<u>26,000.00</u>	<u>39,000.00</u>						

<b>Federal and state grant fund:</b>									
Cash - chief financial officer	A-4	120.48	73,347.55						
State grants receivable	A-13	87,439.30	322,580.08						
Amount due from current fund	A	47,710.85	0.00						
<b>Total</b>		<u>135,270.63</u>	<u>395,927.63</u>						

**LIABILITIES, RESERVES, AND FUND BALANCE**

<b>Regular fund:</b>									
Appropriation reserves	A-3,A-9	\$ 218,347.99	\$ 374,768.80						
Reserve for encumbrances	A-3,A-9	66,863.91	58,504.32						
Accounts payable	A-9	139.52	78,207.00						
Tax overpayments		21,206.89	9,933.87						
Taxes collected in advance		329,616.20	348,605.48						
Amount due to State of New Jersey - senior citizens' and veterans' deductions	A-6	34,993.84	46,596.78						
Amount due county for added and omitted taxes	A-6	25,793.45	29,730.90						
Local school district tax payable	A-10	0.00	90,002.98						
Due to State of New Jersey- DCA fees		3,419.00	1,939.00						
County taxes payable	A-12	0.00	1,335.71						
Amount due to state and federal grants	A	47,710.85	0.00						
Amount due to general capital fund	C	30,000.00	0.00						
Amount due to trust funds - other	B	0.00	4,063.35						
Amount due to public assistance fund	E	0.00	0.24						
Amount due to payroll account	F	0.00	86.87						
Reserve for garden state trust fund	A-4	5,548.00	5,548.00						
Emergency notes payable		26,000.00	39,000.00						
Reserve for senior citizens' activities		1,969.83	1,969.83						
Reserve for Deerwoods development settlement	A-4	0.00	17,449.79						
<b>Total</b>		<u>879,268.90</u>	<u>1,165,035.54</u>						

<b>Fund balance</b>									
Reserve for receivables and other assets	A	5,175,412.40	6,310,048.09						
Local grants		88.20	88.20						
Preparation of master plan		15,159.42	15,159.42						
Deposits for sale of land		52,500.00	42,045.00						
<b>Total</b>		<u>5,243,160.02</u>	<u>6,417,385.71</u>						

<b>Federal and state grant fund:</b>									
Reserve for encumbrances	A-14	12,018.90	18,378.97						
Amount due to current fund		0.00	90,933.37						
Due general capital fund	A-14	32,985.00	0.00						
Reserves for state and federal grants:									
Appropriated	A-13	90,266.73	286,615.29						
	A-14	135,270.63	395,927.63						
<b>Total</b>		<u>7,011,299.69</u>	<u>8,257,108.48</u>						

See accompanying notes to the financial statements.

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND**  
**CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**For the Years Ended December 31, 2011 and 2010**

	Ref.	Year 2011	Year 2010
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 399,000.00	\$ 1,000,000.00
Miscellaneous revenue anticipated	A-2	2,946,372.39	2,830,886.07
Receipts from delinquent taxes	A-2	223,713.08	129,865.16
Receipts from current taxes	A-2	35,600,838.41	35,018,856.70
Non-budget revenue	A-2	217,263.95	468,583.86
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	203,265.99	42,915.44
Tax overpayments cancelled		0.00	15,949.07
Funds from tax title lien redemption trust fund		5,416.08	0.00
Accounts payable cancelled		56,732.21	0.00
Interfunds cleared		146,107.73	42.89
Total income		<u>39,798,709.84</u>	<u>39,507,099.19</u>
Expenditures:			
Budget and emergency appropriations:			
Appropriations within "CAPS":			
Operations:			
Salaries and wages	A-3	4,040,429.25	4,417,582.93
Other expenses	A-3	3,461,590.36	3,596,372.74
Deferred charges and statutory expenditures	A-3	1,280,888.00	1,142,114.26
Appropriations excluded from "CAPS":			
Operations:			
Other expenses	A-3	836,048.44	826,263.81
Capital improvements	A-3	36,000.00	6,000.00
Municipal debt service	A-3	694,516.89	652,559.99
Deferred charges	A-3	13,000.00	13,000.00
County taxes	A-6	7,884,383.97	8,227,748.36
Amount due county for added taxes	A-6	25,793.45	29,730.90
Local district school tax	A-10	8,712,173.00	8,478,878.50
Regional high school tax	A-11	10,120,679.10	9,788,371.27
Fire district tax	A-6	1,745,781.00	1,723,923.00
Municipal open space tax	A-6	80,771.23	81,180.21
Interfund loans advanced		1,591.61	153,385.52
Prior year tax sale premium forfeited in error		800.00	0.00
Prepaid regional school district taxes	A	0.00	219,187.72
Net grants receivable cancelled	A-13	30,013.00	0.00
Adjustment to prior year payroll deductions		0.00	139.33
Total expenditures		<u>38,964,459.30</u>	<u>39,356,438.54</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE  
REGULATORY BASIS  
For the Years Ended December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess in revenue		\$ 834,250.54	\$ 150,660.65
Fund balance - January 1	A	<u>386,097.22</u>	<u>1,235,436.57</u>
		1,220,347.76	1,386,097.22
Decreased by utilization as anticipated revenue	A-2	<u>399,000.00</u>	<u>1,000,000.00</u>
Fund balance - December 31	A	<u>\$ 821,347.76</u>	<u>\$ 386,097.22</u>

See accompanying notes to the financial statements.

TOWNSHIP OF FRANKLIN  
 CURRENT FUND  
 STATEMENT OF REVENUES  
 REGULATORY BASIS

For the Year Ended December 31, 2011

	Ref.	Anticipated		Realized	Excess Or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
	A-1	\$ 399,000.00	\$ 0.00	\$ 399,000.00	\$ 0.00
Fund balance anticipated					
Miscellaneous revenues:					
Licenses:					
Alcoholic beverages	A-8	7,150.00	0.00	8,980.42	1,830.42
Other	A-2	3,250.00	0.00	3,218.00	(32.00)
Fees and permits:					
Other	A-2	48,350.00	0.00	50,356.27	2,006.27
Fines and costs - municipal court	A-8	360,501.86	0.00	199,515.02	(160,986.84)
Interest and costs on taxes	A-5	144,350.00	0.00	165,249.56	20,899.56
Interest on investments and deposits	A-2	16,500.00	0.00	18,628.40	2,128.40
Energy receipts taxes	A-8	1,343,869.00	0.00	1,343,869.00	0.00
Consolidated municipal property tax relief act	A-8	102,287.00	0.00	102,287.00	0.00
Emergency medical service billing	A-8	325,000.00	0.00	315,480.40	(9,519.60)
Reserve for garden state trust fund		5,548.00	0.00	5,548.00	0.00
Uniform construction code fees	A-8	151,400.00	0.00	119,616.00	(31,784.00)
Uniform fire safety code fees	A-2	29,000.00	0.00	28,410.73	(589.27)
Clean communities program	A-13	0.00	36,868.93	36,868.93	0.00
Municipal alliance for drug and alcohol abuse	A-13	20,364.00	0.00	20,364.00	0.00
Municipal alliance for drug and alcohol abuse - Elk Township	A-13	2,036.00	0.00	2,036.00	0.00
Emergency management assistance program	A-13	5,000.00	0.00	5,000.00	0.00
Environmental resource inventory update	A-13	0.00	4,750.00	4,750.00	0.00
Environmental resource inventory update- local match	A-13	0.00	3,750.00	3,750.00	0.00
Drunk driving enforcement fund	A-13	7,500.00	18,558.20	26,058.20	0.00

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2011**

	Ref.	Anticipated		Special N.J.S. 40A:4-87	Realized	Excess Or (Deficit)
		Budget				
Donation from Franklin Township library	A-8	\$ 100,000.00	\$	0.00	\$ 100,000.00	\$ 0.00
Cable television franchise fees	A-8	62,502.97		0.00	62,502.97	0.00
Settlement- Deerwood development		17,449.79		0.00	17,449.79	0.00
Individual donation for environmental commission	A-8	200.00		0.00	200.00	0.00
Recycling tonnage grant	A-13	25,136.60		21,823.68	46,960.28	0.00
Newfield Borough- solid waste	A-8	46,000.00		0.00	40,085.70	(5,914.30)
Prepaid regional high school tax	A-8	219,187.72		0.00	219,187.72	0.00
<b>Total</b>	<b>A-1</b>	<b>3,042,582.94</b>		<b>85,750.81</b>	<b>2,946,372.39</b>	<b>(181,961.36)</b>
Receipts from delinquent taxes	A-2	200,000.00		0.00	223,713.08	23,713.08
Amount to be raised by taxes for support of municipal budget:						
Local taxes for municipal purposes		6,794,375.10		0.00	6,866,592.10	72,217.00
Minimum library tax	A-2	487,545.03		0.00	487,545.03	0.00
		7,281,920.13		0.00	7,354,137.13	72,217.00
Budget totals		10,923,503.07		85,750.81	10,923,222.60	(86,031.28)
Non-budget revenues	A-2	0.00		0.00	217,263.95	217,263.95
<b>Total</b>		<b>10,923,503.07</b>	<b>\$</b>	<b>85,750.81</b>	<b>\$ 11,140,486.55</b>	<b>\$ 131,232.67</b>

See accompanying notes to financial statements.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2011**

**ANALYSIS OF REALIZED REVENUES**

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-6	\$ 35,600,838.41
Allocated to:		
School, county, and special district taxes	A-6	<u>28,569,581.75</u>
Balance for support of municipal appropriations		7,031,256.66
Add: appropriation "reserve for uncollected taxes"	A-3	<u>322,880.47</u>
Amount for support of municipal budget appropriations	A-2	<u><u>\$ 7,354,137.13</u></u>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 47,002.03
Tax title lien collections	A-7	<u>176,711.05</u>
	Total	<u><u>\$ 223,713.08</u></u>
Other licenses:		
Township clerk	A-8	\$ 1,590.00
Health officer	A-8	1,300.00
Registrar of vital statistics	A-8	<u>328.00</u>
	Total licenses	<u><u>\$ 3,218.00</u></u>
Fees and permits:		
Township clerk	A-8	\$ 5,511.00
Registrar of vital statistics	A-8	900.00
Tax collector-site fees	A-8	16,032.00
Tax search officer	A-8	70.00
Planning board	A-8	7,440.00
Zoning board	A-8	9,045.00
Housing inspections	A-8	4,685.00
Police chief	A-8	<u>6,673.27</u>
	Total fees and permits	<u><u>\$ 50,356.27</u></u>
Interest on investments and deposits:		
Chief financial officer	A-4	\$ 17,996.41
Due from trust funds		<u>631.99</u>
	A-2	<u><u>\$ 18,628.40</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
REGULATORY BASIS  
For the Year Ended December 31, 2011**

**ANALYSIS OF NON-BUDGET REVENUES**

	<u>Ref.</u>		
Uniform fire safety code fees:			
State life hazard use fees	A-8	\$	20,658.23
Fire safety code official	A-8		<u>7,752.50</u>
Total uniform fire safety code fees	A-2	\$	<u><u>28,410.73</u></u>
Chief financial officer:			
Administrative fees - veterans and senior citizens deductions		\$	4,215.73
Sale of other assets			36,828.75
Recycling fees			25,886.99
State inspection fees			9,372.50
soda commission			247.50
Clear channel			1,495.00
Towing fees			2,250.00
Rental fees other			1,015.32
Clean up charges receivable			3,353.00
Miscellaneous liens receivable			1,808.31
Prior year refunds/miscellaneous			<u>60,175.48</u>
Total chief financial officer	A-4	\$	146,648.58
Tax collector:			
Duplicate tax sale certificate			300.00
Recording fees			1,620.00
Foreclosure fees			800.00
Municipal cleanup charges receivable			5,161.31
Miscellaneous			<u>80.00</u>
	A-5		7,961.31
Revenue accounts receivable:			
Tax collector - payments in lieu of taxes	A-8		<u>4,850.46</u>
			4,850.46
Non-cash adjustments:			
Due from police overtime trust fund			4,063.35
Land sale			42,045.00
Statutory excess in dog license fund	B-3		<u>11,695.25</u>
Total	A-2	\$	<u><u>217,263.95</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved		
<b>OPERATIONS WITHIN "CAP"</b>							
General government:							
General administration:							
Salaries and wages	\$ 97,923.00	\$ 95,646.94	\$ 95,646.94	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	63,003.00	54,974.01	54,154.73	132.50	686.78	0.00	0.00
Human resources (personnel):							
Other expenses	95,000.00	95,000.00	60,145.01	1,187.00	667.99	33,000.00	
Mayor and committee:							
Salaries and wages	16,500.00	16,500.00	16,500.00	0.00	0.00	0.00	0.00
Other expenses	550.00	550.00	510.00	0.00	40.00	0.00	0.00
Municipal clerk:							
Salaries and wages	84,950.00	90,181.69	90,181.69	0.00	0.00	0.00	0.00
Other expenses	17,750.00	22,950.00	22,041.72	455.70	452.58	0.00	0.00
Financial administration:							
Salaries and wages	75,904.00	77,082.05	77,082.05	0.00	0.00	0.00	0.00
Other expenses	10,630.00	9,830.00	9,481.12	114.95	233.93	0.00	0.00
Audit services:							
Other expenses	53,000.00	53,000.00	51,141.75	0.00	1,858.25	0.00	0.00
Computer data processing:							
Other expenses	6,500.00	6,500.00	5,024.25	0.00	1,475.75	0.00	0.00
Revenue administration (tax collector):							
Salaries and wages	67,900.00	68,386.95	68,386.95	0.00	0.00	0.00	0.00
Other expenses	23,133.00	20,133.00	17,982.52	1,374.83	775.65	0.00	0.00
Tax assessment administration:							
Salaries and wages	44,000.00	44,404.80	44,404.80	0.00	0.00	0.00	0.00
Other expenses	12,635.00	9,635.00	8,869.20	0.00	765.80	0.00	0.00
Legal services and costs:							
Other expenses	210,330.00	210,330.00	134,972.80	76.37	10,280.83	65,000.00	
Engineering services and costs:							
Other expenses:							
Fees	75,000.00	82,500.00	77,090.67	5,344.00	65.33	0.00	0.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAP"</b>						
General government (concluded):						
Economic development commission:						
Other expenses	\$ 25,000.00	\$ 25,000.00	\$ 8,745.00	\$ 0.00	\$ 255.00	\$ 16,000.00
Historical sites office:						
Salaries and wages	700.00	700.00	700.00	0.00	0.00	0.00
Other expenses	1,700.00	700.00	114.54	0.00	585.46	0.00
Land use and development:						
Planning board:						
Salaries and wages	49,971.00	49,704.98	49,704.98	0.00	0.00	0.00
Other expenses	19,385.00	19,385.00	13,981.01	0.00	5,403.99	0.00
Zoning board of adjustment:						
Salaries and wages	13,191.00	13,104.80	13,104.80	0.00	0.00	0.00
Other expenses	7,950.00	7,950.00	7,755.40	0.00	194.60	0.00
State uniform construction code:						
Construction code official:						
Salaries and wages	132,209.00	138,899.09	138,899.09	0.00	0.00	0.00
Other expenses	23,360.00	23,810.06	23,728.06	82.00	0.00	0.00
Demolition of buildings:						
Other expenses	500.00	0.00	0.00	0.00	0.00	0.00
Insurance:						
Liability insurance	168,000.00	168,000.00	168,000.00	0.00	0.00	0.00
Workmen's compensation insurance	340,160.00	340,160.00	315,215.09	0.00	944.91	24,000.00
Employees' group insurance	750,000.00	720,000.00	661,716.61	0.00	3,283.39	55,000.00
Group health insurance- opt out	48,100.00	48,100.00	40,700.00	0.00	0.00	7,400.00
Public safety:						
Police:						
Salaries and wages	2,456,400.00	2,456,400.00	2,427,316.90	0.00	15,083.10	14,000.00
Other expenses	136,802.04	136,802.04	91,011.67	3,032.26	7,758.11	35,000.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
Public safety (concluded):						
Office of emergency management:						
Other expenses	\$ 2,000.00	\$ 2,000.00	\$ 500.00	\$ 0.00	\$ 0.00	\$ 1,500.00
Aid to volunteer ambulance companies:						
Other expenses	18,500.00	18,500.00	9,709.82	456.18	8,334.00	0.00
Uniform fire safety code:						
Salaries and wages	23,818.00	23,668.00	22,641.91	395.25	630.84	0.00
Other expenses	5,175.00	5,325.00	3,772.78	1,528.00	24.22	0.00
Municipal prosecutor:						
Salaries and wages	26,774.00	26,743.04	26,743.04	0.00	0.00	0.00
Municipal court:						
Salaries and wages	128,183.00	134,523.05	134,523.05	0.00	0.00	0.00
Other expenses	24,460.00	24,460.00	14,278.55	2,561.40	7,620.05	0.00
Public defender:						
Salaries and wages	9,903.00	9,903.00	3,908.00	0.00	995.00	5,000.00
Public works:						
Street and road maintenance:						
Salaries and wages	604,515.00	591,570.40	591,570.40	0.00	0.00	0.00
Other expenses	151,824.79	143,324.79	103,408.22	1,394.60	8,521.97	30,000.00
Solid waste collection:						
Salaries and wages	151,840.00	139,535.63	139,535.63	0.00	0.00	0.00
Building and grounds:						
Other expenses	68,000.00	72,000.00	69,233.27	2,522.21	244.52	0.00
Community center:						
Salaries and wages	52,490.00	43,885.24	43,885.24	0.00	0.00	0.00
Other expenses	5,050.00	5,050.00	1,399.24	0.00	650.76	3,000.00
Vehicle maintenance:						
Other expenses	191,800.00	191,800.00	169,952.07	15,014.19	6,833.74	0.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved		
<b>OPERATIONS WITHIN "CAP"</b>							
Health and human services:							
Public health services:							
Salaries and wages	\$ 18,611.00	\$ 22,114.84	\$ 22,114.84	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	16,870.00	16,870.00	13,895.81	0.00	2,974.19	0.00	0.00
Environmental health commission:							
Other expenses	650.00	650.00	620.00	0.00	30.00	0.00	0.00
Cable television commission:							
Salaries and wages	6,500.00	8,408.00	8,408.00	0.00	0.00	0.00	0.00
Other expenses	7,025.00	5,117.00	1,996.22	0.00	3,120.78	0.00	0.00
Parks and recreation:							
Recreation services and programs:							
Park commission:							
Salaries and wages	10,500.00	8,066.75	8,066.75	0.00	0.00	0.00	0.00
Other expenses	19,750.00	19,750.00	10,977.54	2,440.25	6,332.21	0.00	0.00
Maintenance of parks:							
Other expenses:	36,624.00	21,624.00	15,125.10	0.00	1,498.90	5,000.00	
Utility expense and bulk purchasing:							
Electricity	119,425.00	109,425.00	103,755.31	0.00	5,669.69	0.00	0.00
Street lighting	101,500.00	101,500.00	91,472.21	1,530.68	8,497.11	0.00	0.00
Telephone	50,000.00	44,881.46	40,509.86	0.00	4,371.60	0.00	0.00
Gas (natural and propane)	21,500.00	24,400.00	24,204.19	0.00	195.81	0.00	0.00
Fuel oil	139,054.00	156,054.00	130,271.63	14,973.25	10,809.12	0.00	0.00
Gasoline	99,450.00	100,450.00	88,182.57	12,248.29	19.14	0.00	0.00
Sanitation:							
Sanitary landfill:							
Other expenses	598,000.00	618,000.00	564,094.23	0.00	53,905.77	0.00	0.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations			Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved		
Contingent	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total operations within "CAP"	7,837,927.83	7,795,919.61	7,253,064.83	66,863.91	182,090.87		293,900.00
<i>Detail:</i>							
Salaries and wages	4,072,782.00	4,059,429.25	4,023,325.06	395.25	16,708.94		19,000.00
Other expenses	3,765,145.83	3,736,490.36	3,229,739.77	66,468.66	165,381.93		274,900.00
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"							
Deferred charges:							
Overexpenditure of appropriation reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statutory expenditures:							
Contribution to:							
Social security system (O.A.S.I.)	350,000.00	350,000.00	310,268.63	0.00	9,731.37		30,000.00
Public employees retirement system	244,000.00	244,000.00	242,370.50	0.00	1,629.50		0.00
Police and firemens retirement system	635,627.00	635,627.00	635,627.00	0.00	0.00		0.00
Unemployment insurance	20,000.00	20,000.00	16,040.21	0.00	3,959.79		0.00
Defined contribution retirement	1,000.00	1,000.00	374.31	0.00	625.69		0.00
Contribution to PFRS- ERI	28,305.00	28,305.00	28,305.00	0.00	0.00		0.00
Contribution to PERS- ERI	31,956.00	31,956.00	31,956.00	0.00	0.00		0.00
Total deferred charges and statutory expenditures within "CAP"	1,310,888.00	1,310,888.00	1,264,941.65	0.00	15,946.35		30,000.00
Total general appropriations for municipal purposes within "CAP"	9,148,815.83	9,106,807.61	8,518,006.48	66,863.91	198,037.22		323,900.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
\$	487,545.03	\$ 487,545.03	\$ 487,545.03	\$ 0.00	\$ 0.00	\$ 0.00
Maintenance of free public library						
Emergency medical services staffing:						
Other expenses	194,000.00	194,000.00	173,690.23	0.00	20,309.77	0.00
SFSP fire district payments	5,684.00	5,684.00	5,683.00	0.00	1.00	0.00
State and federal programs offset by revenues:						
Clean communities grant:						
Other expenses	36,868.93	36,868.93	36,868.93	0.00	0.00	0.00
Municipal alliance for drug and alcohol abuse:						
Grant funds	20,364.00	20,364.00	20,364.00	0.00	0.00	0.00
Local match	5,068.00	5,068.00	5,068.00	0.00	0.00	0.00
Emergency management fund grant - police	5,000.00	5,000.00	5,000.00	0.00	0.00	0.00
Recycling tonnage grant	46,960.28	46,960.28	46,960.28	0.00	0.00	0.00
Drunk driving enforcement	26,058.20	26,058.20	26,058.20	0.00	0.00	0.00
Environmental resource inventory update:						
Grant funds	4,750.00	4,750.00	4,750.00	0.00	0.00	0.00
Local match	3,750.00	3,750.00	3,750.00	0.00	0.00	0.00
Total operations excluded from "CAP"	836,048.44	836,048.44	815,737.67	0.00	20,310.77	0.00

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	
<u>OPERATIONS EXCLUDED FROM "CAP"</u>					
<i>Detail:</i>					
Salaries and wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	836,048.44	836,048.44	815,737.67	0.00	20,310.77
Capital improvement fund	6,000.00	36,000.00	36,000.00	0.00	0.00
Total capital improvements excluded from "CAP"	6,000.00	36,000.00	36,000.00	0.00	0.00
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAP"</u>					
Payment of bond principal	355,000.00	355,000.00	355,000.00	0.00	0.00
Payment of bond anticipation note principal	38,124.47	38,124.47	38,124.00	0.00	0.47
Interest on bonds	270,094.38	270,094.38	270,094.38	0.00	0.00
Interest on notes	13,553.89	25,562.11	25,562.11	0.00	0.00
Green trust loan program: Loan repayment for principal and interest	5,736.40	5,736.40	5,736.40	0.00	0.00
Total municipal debt service - excluded from "CAP"	682,509.14	694,517.36	694,516.89	0.00	0.47

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered Reserved	
Special emergency authorization - 5 years (N.J.S. 40A:4-55)	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 0.00	\$ 0.00
Total general appropriations for municipal purposes - excluded from "CAP"	1,537,557.58	1,579,565.80	1,559,254.56	20,310.77	0.47
Subtotal general appropriations	10,686,373.41	10,686,373.41	10,077,261.04	66,863.91	323,900.47
Reserve for uncollected taxes	322,880.47	322,880.47	322,880.47	0.00	0.00
Total general appropriations	\$ 11,009,253.88	\$ 11,009,253.88	\$ 10,400,141.51	\$ 66,863.91	\$ 323,900.47
Ref.	A-2		A-3	A	A-1
Budget		\$ 10,923,503.07			
Budget appropriations added by NJS 40A:4-87		85,750.81			
		\$ 11,009,253.88			

DEFERRED CHARGES

See accompanying notes to financial statements.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
REGULATORY BASIS  
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Paid or charged:		
Federal and state grants	A-14	\$ 148,819.41
Reserve for uncollected taxes	A-2	322,880.47
Deferred charges - special emergency:		
Special emergency appropriations		13,000.00
Due from payroll account		(1,678.48)
Due to general capital fund	A	30,000.00
Cash disbursed	A-4	<u>9,887,120.11</u>
		<u>\$ 10,400,141.51</u>
	Ref.	A-3

See accompanying notes to financial statements.

**TRUST FUND**

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2011 and 2010**

		Balance December 31, 2011	Balance December 31, 2010		Balance December 31, 2011	Balance December 31, 2010
Ref.				Ref.		

**ASSETS**

Dog license fund:  
Cash - chief financial officer  
Cash - change fund

B-1	\$	53,355.75	\$ 58,893.46		A	\$ 2,280.35	\$ 15,720.47
		100.00	100.00			6.00	11.40
		<u>53,455.75</u>	<u>58,993.46</u>			<u>51,169.40</u>	<u>43,261.59</u>
						<u>53,455.75</u>	<u>58,993.46</u>

Other funds:  
Cash - chief financial officer  
Cash - tax collector  
Escrow receivable  
Due from contractors  
Due from current fund

B-1		773,047.22	694,770.75				
B-2		382,016.86	204,722.37			5,255.65	46,706.63
		0.00	1,236.88			4,333.77	10,212.99
		0.00	35.72			56,616.15	64,888.13
A		0.00	4,063.35			320,800.00	139,800.00
		<u>1,155,064.08</u>	<u>904,829.07</u>			<u>4,880.00</u>	<u>0.00</u>

**LIABILITIES AND RESERVES**

Dog license fund:  
Amount due to current fund  
Due to State of New Jersey  
Reserve for dog fund expenditures

A	\$	2,280.35	\$ 15,720.47				
		6.00	11.40			51,169.40	43,261.59
		<u>51,169.40</u>	<u>43,261.59</u>			<u>53,455.75</u>	<u>58,993.46</u>

Other funds:  
Amount due to current fund  
Encumbrances - general escrow funds  
Deposits for redemption of tax title liens  
Tax sale premiums  
Due to general capital fund  
Reserve for:

		2,493.00	2,493.00				
		36,000.00	36,000.00			36,000.00	36,000.00
		98.00	98.00			98.00	548.00
		2,176.53	2,176.53			2,176.53	2,176.53
		4,000.00	4,000.00			4,000.00	4,000.00
		38,206.60	38,580.13			38,580.13	38,580.13
		292,337.60	106,828.00			292,337.60	106,828.00
		170,257.78	244,992.34			170,257.78	244,992.34
		27,423.19	21,262.22			27,423.19	21,262.22
		4,631.34	5,304.75			4,631.34	5,304.75
		5,380.55	8,802.93			5,380.55	8,802.93
		24,941.69	0.00			24,941.69	0.00
		236.20	232.20			236.20	232.20
		17,558.02	11,001.85			17,558.02	11,001.85
		120,593.54	138,707.70			120,593.54	138,707.70
		9,715.87	12,643.40			9,715.87	12,643.40
		1,282.78	3,213.13			1,282.78	3,213.13
		30.00	30.00			30.00	30.00
		690.00	330.00			690.00	330.00
		4,774.59	3,224.59			4,774.59	3,224.59
		0.00	2,659.32			0.00	2,659.32
		<u>351.23</u>	<u>191.23</u>			<u>351.23</u>	<u>191.23</u>
		<u>1,155,064.08</u>	<u>904,829.07</u>			<u>1,155,064.08</u>	<u>904,829.07</u>

Total all funds \$ 1,208,519.83 \$ 963,822.53

Total all funds \$ 1,208,519.83 \$ 963,822.53

See accompanying notes to the financial statements.

**GENERAL CAPITAL FUND**

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<b><u>ASSETS</u></b>			
Cash - chief financial officer	C-2	\$ 65,423.61	\$ 475,116.69
State grants receivable		248,142.64	300,594.83
Miscellaneous accounts receivable	C-6	0.00	6,931.90
Due from current fund	A	30,000.00	0.00
Due from federal and state grant fund	A	32,985.00	0.00
Due from recreation facilities trust fund	B	4,880.00	0.00
Deferred charges to future taxation:			
Funded		6,002,297.23	6,362,213.81
Unfunded	C-4	5,255,276.00	1,493,400.00
		<u>\$ 11,639,004.48</u>	<u>\$ 8,638,257.23</u>
 <b><u>LIABILITIES, RESERVES, AND FUND BALANCE</u></b>			
Bond anticipation notes payable	C-7	\$ 686,241.00	\$ 724,365.00
Serial bonds payable	C-8	5,965,000.00	6,320,000.00
Green acres loan payable	C-9	37,297.23	42,213.81
Due to current fund	A	0.00	283.00
Improvement authorizations:			
Funded	C-6	650,061.34	800,845.03
Unfunded	C-6	4,267,588.63	467,588.63
Contracts payable	C-6	26,959.53	146,090.01
Capital improvement fund	C-5	0.00	131,015.00
Fund balance	C-1	5,856.75	5,856.75
		<u>\$ 11,639,004.48</u>	<u>\$ 8,638,257.23</u>

See accompanying notes to financial statements.

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
REGULATORY BASIS  
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	C	\$ <u>5,856.75</u>
Balance - December 31, 2011	C	\$ <u><u>5,856.75</u></u>

See accompanying notes to financial statements.

**PUBLIC ASSISTANCE TRUST FUND**

**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE TRUST FUND  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<b><u>ASSETS</u></b>			
Cash	E-1	\$ 3,209.44	\$ 3,209.20
Due from current fund	A	<u>0.00</u>	<u>0.24</u>
		<u>\$ 3,209.44</u>	<u>\$ 3,209.44</u>
<b><u>LIABILITIES AND RESERVES</u></b>			
Reserve for public assistance		<u>\$ 3,209.44</u>	<u>\$ 3,209.44</u>
		<u>\$ 3,209.44</u>	<u>\$ 3,209.44</u>

See accompanying notes to the financial statements.

**PAYROLL ACCOUNT**

**TOWNSHIP OF FRANKLIN  
PAYROLL ACCOUNT  
COMPARATIVE BALANCE SHEETS  
REGULATORY BASIS  
December 31, 2011 and 2010**

	<u>Ref.</u>	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
<b><u>ASSETS</u></b>			
Cash - chief financial officer		\$ 37,695.12	\$ 41,897.80
Due from current fund	A	<u>0.00</u>	<u>86.87</u>
		<u>\$ 37,695.12</u>	<u>\$ 41,984.67</u>
<b><u>LIABILITIES</u></b>			
Payroll taxes payable	F-1	\$ 36,103.51	\$ 41,984.67
Due to current fund	A	<u>1,591.61</u>	<u>0.00</u>
		<u>\$ 37,695.12</u>	<u>\$ 41,984.67</u>

See accompanying notes to the financial statements.

**GENERAL FIXED ASSETS**



**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

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

**A. Reporting Entity**

The Township of Franklin was incorporated in 1825 and is located in the County of Gloucester in the State of New Jersey. The Township covers approximately 56 square miles with a population, according to the 2010 census, of 16,820. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms. The Mayor and Deputy Mayor are elected by the members of the Committee and serve for a one-year term in this office.

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria to be used to determine which component units should be included in the financial statements of an oversight entity. The primary criterion for including activities within the reporting entity, as set forth in the Statement, is the degree of oversight responsibility maintained by the reporting entity. However, the State of New Jersey, Division of Local Government Services requires the financial statements of the Township to be presented separately. As such, the financial statements of the Township of Franklin include each board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S. 40A:5-5.

Except as noted below, the financial statements of the Township of Franklin 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 N.J.S. 40A:5-5.

**B. Description of Funds**

The accounting policies of the Township of Franklin conform to the accounting principles applicable to municipalities which have been prescribed by the 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 Township of Franklin accounts for its financial transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

**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** - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

**Public Assistance Trust Fund** - receipt and disbursement of funds that provides assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

**Payroll Account** - receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

**General Fixed Assets Account Group** - to account for fixed assets used in governmental operations.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant policies in New Jersey follow.

**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 Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget.

**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 accordance with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be 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. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

**Property Taxes** - Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1, and November 1 of each year. All unpaid taxes levied become delinquent January 1 of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

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

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

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Compensated Absences** - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. New Jersey municipalities are permitted to accrue a compensated absences liability. The Township has not begun to accumulate funds for accrued absences. See Note 16 for additional information on the Township's compensated absences policy.

**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.

**General Fixed Assets** - The Township has developed a fixed asset accounting and reporting system as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed assets used in governmental operations (general fixed assets) are to be 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical costs is not available, except for land which is valued at assessed value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

**Tax Appeals and Other Contingent Losses** - Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Budgets** - The governing body prepares and approves by resolution an operating and capital budget for the Current Fund which is then submitted for certification to the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Committee subsequent to October 31 in the current budget year and up to March 31 of the following year.

Once adopted, the Township may make emergency appropriations for purposes which are not known at the time the budget was adopted per N.J.S.A. 40A:4-46. Also, the Township may make amendments to the budget for any special item of revenue made available by any public or private funding source per N.J.S.A. 40A:4-87.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Reserve for Uncollected Taxes** - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**School Taxes** - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of Franklin School District and the Township's share of the Delsea Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and the regional high school district for the period from January 1 to December 31.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting the Township's share of county taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

**Fund Balance** - Fund balances included in the current fund represent amounts available for anticipation as revenue in futures years budgets, with certain restrictions.

**Capitalization of Interest** - It is the policy of the Township of Franklin to treat interest on projects as a current expense and the interest is included in the current operating budget.

**Comparative Data** - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements because its inclusion would make the statements unduly complex and difficult to read.

**Use of Estimates** - The preparation of financial statements in accordance with accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**C. Basis of Accounting (Concluded)**

**Departures from Generally Accepted Accounting Principles** - The accounting principles and practices followed by the Township of Franklin differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

Taxes and other receivables are fully reserved.

Interfund receivables in the Current Fund are fully reserved and recognized as a revenue in the year of liquidation.

Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.

No provision is made for accumulated vested vacation and sick leave.

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Depreciation expense is not calculated on fixed assets.

It was not practicable to determine the effect of such differences.

**NOTE 2 - INVESTMENTS**

As of December 31, 2011 and 2010, the Township did not have any investments.

**Interest Rate Risk** - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statute 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk** - New Jersey Statute 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are bonds of the United States of America, the local unit, or school districts of which the local unit is a part; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk** - The Township places no limit on the amount the Township may invest in any one issuer.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, escrow trust, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of December 31, 2011, the Township's bank balances were exposed to custodial credit risk as follows:

Insurance	\$ 567,235.88
Uninsured and collateralized with securities held by pledging financial institutions (GUDPA)	<u>2,790,661.84</u>
	<u>\$ 3,357,897.72</u>

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2011:

Due From	Due To			Total Due From
Current Fund	Federal and State Grant Fund	General Capital Fund		
Current fund	\$ -	\$ 47,710.85	\$ 30,000.00	\$ 77,710.85
Federal and state grant fund	-	-	32,985.00	32,985.00
Dog license trust fund	2,280.35	-	-	2,280.35
Other trust fund	5,255.65	-	4,880.00	10,135.65
Payroll account	1,591.61	-	-	1,591.61
Total due to	\$ 9,127.61	\$ 47,710.85	\$ 67,865.00	\$ 124,703.46

Most grants are on a reimbursement basis. The interfund with the grant fund is the result of expenditures prior to year end that were not reimbursed. In addition, there is an interfund between the grant fund and general capital fund for an improvement authorization from the current year. Most interfunds from the trust fund to the current fund are due to interest earned during 2011 that were not turned over to the current fund prior to year end. The amount due from the tax title lien redemption account to the current fund is due to an audit adjustment that could not have been turned over in 2011.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 5 - PROPERTY TAXES**

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison of Tax Rate Information**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Tax Rate	<u>\$ 4.230</u>	<u>\$ 4.145</u>	<u>\$ 4.034</u>
Apportionate of Tax Rate:			
Municipal	\$ .843	\$ .859	\$ .810
County	.980	1.018	1.054
Local School	1.082	1.048	1.014
Regional High School	1.256	1.210	1.146
Municipal Open Space	0.009	0.010	0.010
Municipal Library Tax*	0.060	0.000	0.000

\*During the year 2010, legislation was approved moving the State required contribution out of the municipal budget and creating a separate tax levy item and rate.

In addition, special district rates were in effect for the Township's five fire districts:

Franklinville	\$ .236	\$ .236	\$ .235
Malaga	.217	.213	.204
Janvier	.176	.171	.161
Forest Grove	.255	.250	.240
Star Cross	.183	.177	.170

**Assessed Valuation:**

2011	\$ 805,727,012.00		
2010		\$ 808,899,239.00	
2009			\$ 804,207,760.00

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2011	\$ 35,898,385.00	\$ 35,600,838.41	99.17%
2010	\$ 35,348,588.94	\$ 35,018,856.70	99.07%
2009	\$ 34,282,999.00	\$ 34,058,678.91	99.35%

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 5 - PROPERTY TAXES (Concluded)**

**Delinquent Taxes and Tax 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 three years.

<u>Year</u>	<u>Amount Of Tax Title Liens</u>	<u>Amount Of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2011	\$ 657,385.20	\$ 10,304.83	\$ 667,690.03	1.86%
2010	\$ 353,870.42	\$ 913.88	\$ 354,784.30	1.00%
2009	\$ 128,696.56	\$ 9,891.68	\$ 138,588.24	0.40%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2011	\$ 4,421,138.89
2010	\$ 5,454,458.87
2009	\$ 5,444,658.87

**NOTE 6 - FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent years' budgets.

<u>Year</u>	<u>December 31</u>	<u>Utilized In Approved Budget Of Succeeding Year</u>
2011	\$ 821,347.76	\$ 642,500.00
2010	\$ 386,097.22	\$ 399,000.00*
2009	\$ 1,235,436.57	\$ 1,000,000.00
2008	\$ 1,468,144.92	\$ 875,900.15
2007	\$ 2,329,700.11	\$ 1,760,393.93

\*The utilized amount of \$399,000.00 was based on the unaudited December 31, 2010 balance sheet.

**NOTE 7 - TAXES COLLECTED IN ADVANCE**

Taxes collected in advance, set forth as cash liabilities in the financial statements as follows:

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
Prepaid Taxes	\$ 329,616.20	\$ 348,605.48

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 8 - LONG-TERM DEBT**

During the calendar year 2011, the following changes occurred in the municipal debt of the Township:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due in One Year
General	\$ 6,362,213.81	\$ 0.00	\$ 359,916.58	\$ 6,002,297.23	\$ 375,015.41
Compensated absences payable*	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>\$ 6,362,213.81</b>	<b>\$ 0.00</b>	<b>\$ 359,916.58</b>	<b>\$ 6,002,297.23</b>	<b>\$ 375,015.41</b>

\*See Note 16 - Compensated Absences.

Paid by current fund:

\$8,605,000.00 general improvements bonds dated May 1, 2002, payable in annual installments through May 1, 2021. \$355,000.00 was paid on May 1, 2011. Interest is paid semi-annually at varying rates. The balance remaining at December 31, 2011 was \$5,965,000.00.

\$92,250.00 green acres loan payable for the acquisition of land adjacent to Malaga Lake dated December 21, 1998, payable in semi-annual installments of \$2,868.20 through September 21, 2018. \$4,916.58 of principal was paid during 2011. Interest is paid semi-annually at 2.00%. The balance at December 31, 2011 was \$37,297.23.

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

Year Ended December 31	Principal	Interest	Total
2012	\$ 370,000.00	\$ 255,141.25	\$ 625,141.25
2013	415,000.00	238,950.63	653,950.63
2014	460,000.00	220,903.75	680,903.75
2015	510,000.00	200,706.25	710,706.25
2016	560,000.00	178,096.25	738,096.25
2017-2021	3,650,000.00	448,300.63	4,098,300.63
	<u>\$ 5,965,000.00</u>	<u>\$ 1,542,098.76</u>	<u>\$ 7,507,098.76</u>

**Schedule of Annual Debt Service for Principal and Interest for Green Acres Loan**

Year Ended December 31	Principal	Interest	Total
2012	\$ 5,015.41	\$ 720.99	\$ 5,736.40
2013	5,116.22	620.18	5,736.40
2014	5,219.05	517.35	5,736.40
2015	5,323.95	412.45	5,736.40
2016	5,430.96	305.44	5,736.40
2017-2018	11,191.64	281.16	11,472.80
	<u>\$ 37,297.23</u>	<u>\$ 2,857.57</u>	<u>\$ 40,154.80</u>

As of December 31, 2011, the carrying value of the above bonds approximate the fair market value of the bonds.

**Summary of Municipal Debt**

	2011	2010	2009
Bonds, notes and loans issued	\$ 6,688,538.23	\$ 7,086,578.81	\$ 7,436,035.51
Bonds and notes authorized but not issued	4,569,035.00	769,035.00	769,035.00
<b>Net bonds and notes issued and authorized but not issued</b>	<b>11,257,573.23</b>	<b>7,855,613.81</b>	<b>8,205,070.51</b>
Deductions- none	-	-	-
Total deductions	-	-	-
<b>Net debt</b>	<b>\$ 11,257,573.23</b>	<b>\$ 7,855,613.81</b>	<b>\$ 8,205,070.51</b>

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 8 - LONG-TERM DEBT (Concluded)**

**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 \$11,257,573.23.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Local School District Debt	\$ 382,000.00	\$ 382,000.00	\$ -
Regional High School District Debt	2,698,577.17	2,698,577.17	-
General Debt	11,257,573.23	-	11,257,573.23
	<u>\$ 14,338,150.40</u>	<u>\$ 3,080,577.17</u>	<u>\$ 11,257,573.23</u>

Net Debt \$11,257,573.23 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$1,440,586,521.67 = .78%.

**Equalized Valuation Basis**

2009	\$1,485,142,672.00
2010	1,459,886,816.00
2011	1,376,730,077.00
Average	<u>\$1,440,586,521.67</u>

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

3 1/2% Of Equalized Valuation Basis (Municipal)	\$ 50,420,528.26
Net Debt	11,257,573.23
Remaining Borrowing Power	<u>\$ 39,162,955.03</u>

The Township of Franklin School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the district's limitations with voter approval. Any amounts in excess of the limit is treated as an impairment of the municipal limit.

The Delsea Regional High School District is a 7-12 regional school district and as a result the amount of debt issued is not subject to any statutory limitation based on average equalized valuations. Debt is allocated based on the municipality's equalized valuation as a percentage of the total regional school district's assessed valuation. Since all debt authorized by the regional school district is deductible, it does not effect the debt of the municipality.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 9 - BOND ANTICIPATION NOTES AND SPECIAL EMERGENCY NOTES**

The Township has outstanding at December 31, 2011 and 2010, bond anticipation notes in the general capital fund in the amount of \$686,241.00 and \$724,365.00, respectively. The December 31, 2011 amount payable to Newfield National Bank is \$686,241.00, bears an interest rate of 1.00% and matures on September 12, 2012. These funds were used for the purchase of replacement trash trucks, testing neighborhood wells, and cleanup of gasoline and hydraulic fluid at the public works garage.

The Township has outstanding at December 31, 2011 and 2010, special emergency notes in the current fund in the amount of \$26,000.00 and \$39,000.00, respectively. The December 31, 2011 amount payable to Newfield National Bank is \$26,000.00, bears an interest rate of 0.75% and matures on December 28, 2012.

**NOTE 10 - PENSION FUNDS**

**Description of Plans**

Substantially all of the Township's employees are covered by the Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS) cost-sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division).

According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the systems terminate. The Division issues publicly available financial reports that include the financial statements and required supplementary information for the Public Employees' Retirements System and Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

*Public Employees' Retirement System*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

*Police and Fireman's Retirement System*

The Police and Fireman's Retirement System was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or fire fighting in the State of New Jersey. Members are eligible for retirement at age fifty-five with a benefit equal to two percent of final compensation for each year of creditable service up to twenty years. Members with at least twenty years but less than twenty-five years of service credit will receive fifty percent of final compensation. Special retirement is available at any age to those with twenty-five years of service credit. The annual benefit calculation is equal to sixty-five percent of final compensation plus one percent for each year of creditable service over twenty-five years but not to exceed thirty years.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 10 - PENSION FUNDS (Concluded)**

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. 1994, Chapter 115, P.L. 1997, and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS) provide for employee contributions of 5.5% and 6.5% as of October 1, 2011, and 8.5% and 10% as of October 1, 2011 of employees' annual compensation respectively, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and PFRS. The PERS and PFRS employer rates in effect for 2011 are 11.05% and 29.36% of covered payroll, respectively, as reported on June 30, 2009. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Township's contributions to PERS for the years ended December 31, 2011, 2010, and 2009 were \$242,370.00, \$227,174.00, and \$121,858.11, respectively, equal to the required contributions for each year. The Township's contributions to PFRS for the years ended December 31, 2011, 2010, and 2009 were \$635,627.00, \$547,337.00, and \$268,315.00, respectively, equal to the required contributions for each year.

*Pension Deferral*

On March 31, 2009, the Township adopted a resolution requesting approval by the Local Finance Board of pension deferral pursuant to N.J.S.A. 43:15A-24(c) and N.J.S.A. 43:16A-15(9). This was approved on June 30, 2009, as follows: PERS amount deferred \$51,450.00 and PFRS amount deferred \$145,200.00, for a total of \$196,650.00. This amount will be repaid starting April 2012 over a fifteen year period. The amount will fluctuate based on pension system investment earnings on the deferred amount.

*Defined Contribution Retirement Program*

The Township established a Defined Contribution Retirement Program (DCRP) by resolution on March 31, 2009 as required by Chapter 92 of the Laws of 2007 and N.J.S.A. 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and 6.5% as of October 1, 2011, of employees annual base salary. Employers are required to contribute 3% of the employees' base salary.

**NOTE 11 - POST-RETIREMENT BENEFITS**

As indicated in Note 10 above, employees of the Township of Franklin are members of the Public Employees' Retirement System and the Police and Fireman's Retirement System however, as of December 31, 2011, they are not members of the State Health Benefits Plan.

**NOTE 12 - SCHOOL TAXES**

School taxes in the State of New Jersey may be raised by either of the following methods:

Calendar year basis - whereby the tax is levied and paid based on the District's needs for one-half of each school year encompassed in the calendar year.

School year basis - taxes are raised for the school year commencing July 1 of the current year, paid out over the twelve months beginning with July 1.

The Township of Franklin Board of Education and the Delsea Regional Board of Education raise taxes on a calendar year basis and therefore, has no school taxes payable or deferred at December 31, 2011.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 13 - GENERAL FIXED ASSETS**

General fixed assets activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance December 31, 2010	Additions	Disposals/ Adjustments	Balance December 31, 2011
Land	\$ 3,020,180.00	\$ 226,800.00	\$ -	\$ 3,246,980.00
Buildings	3,826,120.00	-	-	3,826,120.00
Equipment	<u>5,724,292.42</u>	<u>2,046.64</u>	<u>432,783.00</u>	<u>5,293,556.06</u>
	<u>\$ 12,570,592.42</u>	<u>\$ 228,846.64</u>	<u>\$ 432,783.00</u>	<u>\$ 12,366,656.06</u>

	Balance December 31, 2009	Additions	Disposals/ Adjustments	Balance December 31, 2010
Land	\$ 2,811,180.00	\$ 209,000.00	\$ -	\$ 3,020,180.00
Buildings	3,845,020.00	-	18,900.00	3,826,120.00
Equipment	<u>7,588,751.39</u>	<u>-</u>	<u>1,864,458.97</u>	<u>5,724,292.42</u>
	<u>\$ 14,244,951.39</u>	<u>\$ 209,000.00</u>	<u>\$ 1,883,358.97</u>	<u>\$ 12,570,592.42</u>

**NOTE 14 - DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges were shown on the balance sheets of the various funds:

	Balance December 31, 2011	2012 Budget	Balance To Succeeding Budgets
Current fund:			
Special emergency appropriation:			
Master plan	\$ 26,000.00	\$ 13,000.00	\$ 13,000.00

The appropriations in the 2012 budget are not less than those required by statute.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 15 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage for property, liability, and surety bonds through the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund.

The Fund provides the Township with the following coverage:

- Property Policy
- Automobile Policy
- Crime Policy and Excess Crime Policy
- Casualty Policy
- Workers' Compensation and Excess Workers Compensation Policy
- Environmental Legal Liability Policy
- Excess Liability Policy
- Public Officials and Employment Liability Policy
- Volunteer Directors and Officers Policy

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$250,000.00 based on the line of coverage for each insured event.

The fund publishes its own financial report for the year ended December 31, 2011, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund  
Post Office Box 488  
Marlton, New Jersey 08053

**NOTE 16 - COMPENSATED ABSENCES**

Township employees are entitled to paid vacation and sick time depending on their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward for two years. Vacation days not used within this time period are forfeited. Vacation time unused at termination is reimbursed to the employee at their current rate of pay. Unused sick leave may be accumulated and carried forward to subsequent years. One-half of accrued sick time is reimbursed to employees only if they meet the requirements of retirement according to the Public Employees' Retirement System or Police and Fireman's Retirement System. Sick time is reimbursed to the employee at their current rate of pay up to a maximum of 62 to 65 days depending on their job classification.

At December 31, 2011 and 2010, the Township estimates this liability to approximate \$1,171,605.75 and \$1,475,571.23, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Township has not yet established an accrual.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**NOTE 17 - DEFERRED COMPENSATION**

Employees of the Township of Franklin may participate in a deferred compensation plan adopted under the provisions of the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTE 18 - LITIGATION**

It is the Township Counsel's opinion there exists no litigation or contingent liability that may be pending against the Township of Franklin that would have an adverse effect on the financial position in the future.

**NOTE 19 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through July 5, 2012, which is the date that the financial statements were available to be issued.

As of December 31, 2011, the Township had \$4,569,035.00 of authorized but not issued bond anticipation notes. Notes were issued in that amount on April 24, 2012.

The Township authorized a refunding bond ordinance for the 2002 bonds in the amount of \$5,595,000.00, maturing from May 1, 2013 through May 1, 2021. It is estimated that this will save the Township \$53,000.00 over the remaining life of the bonds.

**CURRENT FUND**

**\*\*SCHEDULES\*\***

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011

	<u>Ref.</u>	\$
Balance - December 31, 2010	A	1,564,445.70
Increased by:		
Tax collector	A-5	35,346,240.00
Interest on investments and deposits	A-2	17,996.41
Due to State of New Jersey - construction fees		10,597.00
Miscellaneous revenue not anticipated	A-2	146,648.58
Revenue accounts receivable	A-8	2,358,419.51
State of New Jersey - statutory deduction		210,786.62
Amount due from dog license trust fund		25,127.55
Amount due to trust fund - other		46,706.63
Deposits for sale of land	A	52,500.00
Amount due to general capital fund		283.00
Technology grant	A	0.03
Garden state trust PILOT	A	5,548.00
Due from Franklin Township library	Contra	227,337.26
Budget appropriations reimbursed	Contra	186,237.36
State grants	Contra	2,017.70
State grants receivable	A-13	176,850.19
		38,813,295.84
		40,377,741.54
Decreased by:		
2011 budget appropriations	A-3	9,887,120.11
2010 appropriation reserves	A-9	229,867.61

See accompanying auditor's report.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011

	<u>Ref.</u>	
Decreased by (concluded):		
Emergency notes payable		\$ 13,000.00
Due to State of New Jersey - construction fees		9,117.00
Refund tax overpayments		8,186.96
Accounts payable		21,474.79
Local district school tax	A-10	8,802,175.98
Regional school district tax	A-11	9,901,491.33
County taxes	A-12	7,885,719.68
Amount due county for added taxes	A-12	29,730.90
Fire district taxes		1,745,780.79
Due from Franklin Township library	Contra	227,337.26
Budget appropriations reimbursed	Contra	186,237.36
Technology grant		88.23
State and federal grant prior year encumbrances	A	18,378.97
State grants	Contra	2,017.70
Reserve for state grants	A-14	126,099.07
		<u>\$ 39,093,823.74</u>
Balance - December 31, 2011	A	<u>\$ 1,283,917.80</u>
Breakdown of balance:		
Current fund		\$ 1,283,797.32
State and federal grant account		120.48
		<u>\$ 1,283,917.80</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A		\$ 20,814.61
Increased by:			
Interest and cost on taxes	A-2	\$ 165,249.56	
Non-budget revenues	A-2	7,961.31	
Taxes receivable	A-6	35,076,845.40	
Tax title liens receivable	A-7	176,711.05	
Revenue accounts receivable	A-8	20,952.46	
Tax sale premium	Contra	280,900.00	
Due to tax title lien redemption trust fund	Contra	500.00	
Taxes collected in advance	A	329,616.20	
Tax overpayments		<u>19,459.98</u>	
			<u>36,078,195.96</u>
			36,099,010.57
Decreased by:			
Payments to chief financial officer	A-4	35,346,240.00	
Payments to tax sale premium trust fund	Contra	280,900.00	
Payment to tax title lien redemption trust	Contra	500.00	
Payments to municipal open space trust fund	B-1	<u>80,771.23</u>	
			<u>35,708,411.23</u>
Balance - December 31, 2011	A		<u><u>\$ 390,599.34</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
For the Year Ended December 31, 2011**

Year	Balance December 31, 2010	Levy	Added Taxes	2010 Collections	2011 Collections	Due From State Of New Jersey	Adjustments And/Or Canceled	Transferred To Property Acquired for Taxes	Transferred To Tax Title Liens	Balance December 31, 2011
2006	\$ 0.13	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.13
2007	0.00	0.00	4,903.80	0.00	4,903.80	0.00	0.00	0.00	0.00	0.00
2008	0.00	0.00	5,483.33	0.00	5,483.33	0.00	0.00	0.00	0.00	0.00
2009	13.63	0.00	5,579.53	0.00	5,579.53	0.00	0.00	0.00	0.00	13.63
2010	900.12	0.00	20,930.77	0.00	31,035.37	0.00	(9,204.48)	0.00	0.00	0.00
	913.88	0.00	36,897.43	0.00	47,002.03	0.00	(9,204.48)	0.00	0.00	13.76
2011	0.00	35,898,835.60	0.00	348,605.48	35,029,843.37	222,389.56	55,521.71	10,677.37	221,507.04	10,291.07
	\$ 913.88	\$ 35,898,835.60	\$ 36,897.43	\$ 348,605.48	\$ 35,076,845.40	\$ 222,389.56	\$ 46,317.23	\$ 10,677.37	\$ 221,507.04	\$ 10,304.83

Ref. A

Ref.

A-7

A

Cash receipts - tax collector

\$ 35,076,845.40

Ref.

A-5

Analysis of 2011 property tax levy:

Tax yield:  
General property tax \$ 34,082,252.61  
Special district tax 1,745,781.00  
Added and rollback taxes (54-4-63.1 et seq.) 70,801.99

\$ 35,898,835.60

Tax levy:

Local district school tax A-10 \$ 8,712,173.00  
Regional high school district tax A-11 10,120,679.10  
County tax A-1 \$ 7,884,383.97  
Due county for added taxes A-1 25,793.45  
Total county taxes A-1 7,910,177.42  
Fire district taxes 1,745,781.00  
Municipal open space tax 80,528.85  
Due municipal open space for added taxes 242.38  
Total municipal open space taxes 80,771.23  
Local tax for municipal purposes levied 6,794,375.10  
Local tax for library 487,545.03  
Add: additional tax levied 47,333.72  
Local tax for municipal purposes levied 7,329,253.85

\$ 35,898,835.60

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**  
**For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	A		\$ 353,870.42
Increased by:			
Transfers from taxes receivable	A-6	\$ 221,507.04	
Foreclosure fees		500.00	
Recording fees		1,220.00	
Interest and cost on tax sale		10,080.28	
Liens re-created to properly foreclose		297,165.34	
6% year end penalty		<u>2,942.77</u>	
			<u>533,415.43</u>
			887,285.85
Decreased by:			
Cash collected	A-5	176,711.05	
Transfer to property acquired for taxes		<u>53,189.60</u>	
			<u>229,900.65</u>
Balance - December 31, 2011	A		<u><u>\$ 657,385.20</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
For the Year Ended December 31, 2011**

	Balance December 31, 2010	Accrued In 2011	Collections		Balance December 31, 2011
			Chief Financial Officer	Collector	
\$	0.00	\$ 8,980.42	\$ 8,980.42	\$ 0.00	\$ 0.00
Alcoholic beverages	0.00	1,590.00	1,590.00	0.00	0.00
Other	0.00	5,511.00	5,511.00	0.00	0.00
Fees and permits					
Health officer:					
Other licenses	0.00	1,300.00	1,300.00	0.00	0.00
Registrar of vital statistics:					
Other licenses	0.00	328.00	328.00	0.00	0.00
Fees and permits	0.00	900.00	900.00	0.00	0.00
Construction code official:					
Fees and permits	52.00	119,564.00	119,616.00	0.00	0.00
Municipal court:					
Fines and costs	15,787.66	196,124.96	199,515.02	0.00	12,397.60
Police chief:					
Fees and permits	0.00	6,673.27	6,673.27	0.00	0.00
Fire safety code official:					
Local registration fees	0.00	7,752.50	7,752.50	0.00	0.00
Life hazard use fees - state	0.00	20,658.23	20,658.23	0.00	0.00

Clerk:

Licenses:

Alcoholic beverages

Other

Fees and permits

Health officer:

Other licenses

Registrar of vital statistics:

Other licenses

Fees and permits

Construction code official:

Fees and permits

Municipal court:

Fines and costs

Police chief:

Fees and permits

Fire safety code official:

Local registration fees

Life hazard use fees - state

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**For the Year Ended December 31, 2011**

	Balance December 31, 2010	Accrued In 2011	Collections		Balance December 31, 2011
			Chief Financial Officer	Collector	
Newfield Borough- solid waste	\$ 0.00	\$ 40,085.70	\$ 40,085.70	\$ 0.00	\$ 0.00
Energy receipt tax	0.00	1,343,869.00	1,343,869.00	0.00	0.00
Trailer camp fees	0.00	16,032.00	0.00	16,032.00	0.00
Consolidated municipal property tax relief	0.00	102,287.00	102,287.00	0.00	0.00
Cable television franchise fees	62,502.97	65,058.27	62,502.97	0.00	65,058.27
Donation from library	0.00	100,000.00	100,000.00	0.00	0.00
Donation from individual	0.00	200.00	200.00	0.00	0.00
Tax collector - tax search fees	0.00	70.00	0.00	70.00	0.00
Planning board fees	0.00	7,440.00	7,440.00	0.00	0.00
Zoning board fees	0.00	9,045.00	9,045.00	0.00	0.00
Housing inspection fees	0.00	4,685.00	4,685.00	0.00	0.00
Emergency medical service billing	0.00	315,480.40	315,480.40	0.00	0.00
Tax collector - payments in lieu of taxes	0.00	4,850.46	0.00	4,850.46	0.00
<b>Total</b>	<b>\$ 78,342.63</b>	<b>\$ 2,378,485.21</b>	<b>\$ 2,358,419.51</b>	<b>\$ 20,952.46</b>	<b>\$ 77,455.87</b>

Ref. A

A-4

A-5

A

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - 2010**  
**For the Year Ended December 31, 2011**

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Salaries and wages:				
Revenue administration (tax collector)	\$ 674.46	\$ 674.46	\$ 0.00	\$ 674.46
Tax assessment administration	1,814.12	1,814.12	0.00	1,814.12
Planning board	1,378.85	1,378.85	351.45	1,027.40
Uniform construction code enforcement	2,653.80	2,653.80	350.06	2,303.74
Police	4,835.35	4,835.35	978.19	3,857.16
Municipal court	3,089.20	3,089.20	621.15	2,468.05
Road repair and maintenance	22,162.95	22,162.95	3,646.51	18,516.44
Solid waste collection	8,146.31	8,146.31	1,212.48	6,933.83
Public health services	999.74	999.74	220.18	779.56
Cable television commission	4,803.01	4,803.01	0.00	4,803.01
Other expenses:				
General administration	829.38	829.38	639.54	189.84
Human resources	22,079.40	22,079.40	21,688.70	390.70
Municipal clerk	3,871.01	3,871.01	1,407.82	2,463.19
Financial administration	499.62	499.62	0.00	499.62
Audit services	1,342.00	1,342.00	660.64	681.36
Computer data processing	131.20	977.05	977.05	0.00
Revenue administration (tax collector)	145.95	145.95	30.55	115.40
Tax assessment administration	6,562.14	6,562.14	6,562.14	0.00
Legal services and costs	27,344.64	27,344.64	19,674.07	7,670.57
Engineering fees	14,087.15	11,469.30	3,969.30	7,500.00
Historical sites office	734.44	734.44	0.00	734.44
Planning board	1,626.88	1,626.88	1,626.88	0.00

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES - 2010**  
**For the Year Ended December 31, 2011**

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Zoning board	\$ 435.21	\$ 435.21	\$ 0.00	\$ 435.21
Insurance:				
Workmens compensation insurance	1,006.36	1,006.36	0.00	1,006.36
Employee group insurance	54,434.29	54,434.29	4,433.00	50,001.29
Police	6,995.46	6,995.46	3,223.59	3,771.87
Volunteer ambulance squad	1,217.95	1,217.95	859.16	358.79
Uniform fire safety act	6,480.73	6,480.73	6,226.30	254.43
Municipal court	2,613.61	2,613.61	238.70	2,374.91
Road repair and maintenance	19,604.50	9,604.50	963.60	8,640.90
Public buildings and grounds	19,965.70	14,965.70	11,736.35	3,229.35
Community center	379.58	379.58	0.00	379.58
Public health services	9,710.85	9,710.85	2,459.73	7,251.12
Vehicle maintenance	12,750.28	17,250.28	16,947.62	302.66
Cable television commission	1,948.44	1,948.44	15.96	1,932.48
Recreational services and programs	7,535.25	7,535.25	3,050.00	4,485.25
Maintenance of parks	9,641.59	4,641.59	0.00	4,641.59
Utility expenses:				
Electricity	10,912.55	10,912.55	9,005.88	1,906.67
Street lighting	7,406.29	9,171.29	9,171.26	0.03
Telephone	3,518.70	4,678.70	4,671.92	6.78
Gas (natural and propane)	1,163.42	1,163.42	36.06	1,127.36
Fuel oil	20,010.06	20,010.06	10,439.58	9,570.48
Gasoline	13,015.45	15,390.45	15,383.79	6.66

See accompanying auditor's report.

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2010  
For the Year Ended December 31, 2011

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (concluded):				
Sanitary landfill	\$ 38,325.61	\$ 49,725.61	\$ 49,675.41	\$ 50.20
Uniform construction code enforcement	23,589.90	23,589.90	129.00	23,460.90
Statutory expenditures:				
Contribution to social security system (O.A.S.I.)	13,195.71	13,195.71	563.83	12,631.88
Contribution to public employees retirement system	4.62	576.62	572.23	4.39
Unemployment compensation	562.49	562.49	0.00	562.49
Outside "CAPS":				
Other expenses:				
Emergency medical services	17,036.92	17,036.92	15,587.45	1,449.47
<b>Total</b>	<b>\$ 433,273.12</b>	<b>\$ 433,273.12</b>	<b>\$ 230,007.13</b>	<b>\$ 203,265.99</b>
Ref.	A	A-9		A-1
Analysis of balance:				
Appropriation reserves	\$ 374,768.80			
Reserve for encumbrances	58,504.32			
Cash disbursements	\$ 433,273.12	A-4	\$ 229,867.61	
Accounts payable		A	139.52	
			<u>\$ 230,007.13</u>	

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES  
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	A	\$ 90,002.98
Increased by:		
Levy for calendar year 2011	A-1	8,712,173.00
		<u>8,802,175.98</u>
Decreased by:		
Payments	A-4	8,802,175.98
		<u>8,802,175.98</u>
Balance - December 31, 2011	A	<u><u>\$ 0.00</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX  
For the Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010 (prepaid)	A	\$ (219,187.77)
Increased by:		
Levy for calendar year 2011	A-1	10,120,679.10
		<u>9,901,491.33</u>
Decreased by:		
Payments	A-4	9,901,491.33
		<u>9,901,491.33</u>
Balance - December 31, 2011	A	<u>\$ 0.00</u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010:			
County taxes payable	A	\$ 1,335.71	
Due county for added and omitted taxes	A	29,730.90	
			\$ 31,066.61
Increased by:			
Levy for calendar year 2011:			
General county taxes	A-1	\$ 7,301,085.51	
County open space taxes	A-1	583,298.46	
Due county for added and omitted	A-1	<u>25,793.45</u>	
			<u>7,910,177.42</u>
			<u>7,941,244.03</u>
Decreased by:			
County taxes	A-4	7,885,719.68	
Due county for added and omitted taxes	A-4	<u>29,730.90</u>	
			<u>7,915,450.58</u>
Balance - December 31, 2011:			
Due county for added and omitted taxes	A		<u><u>\$ 25,793.45</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
For the Year Ended December 31, 2011**

Purpose	Balance		2011		Cancelled	Balance December 31, 2011
	December 31, 2010		Revenue	Received		
<b>State grants:</b>						
Clean communities grant	\$ 0.00	\$ 36,868.93	\$ 36,868.93	\$ 0.00	\$ 0.00	0.00
Municipal alliance for drug and alcohol abuse	7,477.50	22,400.00	17,975.00	0.00	0.00	11,902.50
Emergency management assistance program	11,763.00	5,000.00	0.00	11,763.00	0.00	5,000.00
D.V.R.P.C. - farmland preservation plan	1,750.00	0.00	0.00	1,750.00	0.00	0.00
Department of criminal justice - body armor grant	2,786.56	0.00	2,374.56	0.00	0.00	412.00
Hazardous site remediation grants - Quinn property	12,865.00	0.00	0.00	12,865.00	0.00	0.00
Department of environmental protection - open space and recreation plan	2,500.00	0.00	0.00	2,500.00	0.00	0.00
Recycling tonnage grant	0.00	46,960.28	46,960.28	0.00	0.00	0.00
Department of environmental protection - watershed grant	2,000.00	0.00	0.00	2,000.00	0.00	0.00
Drunk driving enforcement fund	0.00	26,058.20	26,058.20	0.00	0.00	0.00
Obey the signs or pay the fines	4,000.00	0.00	0.00	4,000.00	0.00	0.00
Over the limit under arrest	200.00	0.00	0.00	200.00	0.00	0.00
Click it or ticket	8,000.00	0.00	0.00	8,000.00	0.00	0.00
NJ forest services- green community grant	3,000.00	0.00	0.00	0.00	0.00	3,000.00
Environmental resource inventory update	0.00	4,750.00	0.00	0.00	0.00	4,750.00
Environmental resource inventory update- match	0.00	3,750.00	3,750.00	0.00	0.00	0.00

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
For the Year Ended December 31, 2011**

Purpose	Balance December 31, 2010	2011 Revenue	Received	Cancelled	Balance December 31, 2011
<b>Federal grants:</b>					
U.S.D.A. - rural development grant	\$ 263,389.22	\$ 0.00	\$ 42,863.22	\$ 161,000.00	\$ 59,526.00
Community development block grant	995.30	0.00	0.00	0.00	995.30
Bulletproof vest partnership grant	1,853.50	0.00	0.00	0.00	1,853.50
	<u>\$ 322,580.08</u>	<u>\$ 145,787.41</u>	<u>\$ 176,850.19</u>	<u>\$ 204,078.00</u>	<u>\$ 87,439.30</u>
	Ref. A	A-2	A-4		A
Federal grants	\$ 266,238.02	\$ 0.00	\$ 42,863.22	\$ 161,000.00	\$ 62,374.80
State grants	56,342.06	143,751.41	131,950.97	43,078.00	25,064.50
Other municipality contribution	0.00	2,036.00	2,036.00	0.00	0.00
	<u>\$ 322,580.08</u>	<u>\$ 145,787.41</u>	<u>\$ 176,850.19</u>	<u>\$ 204,078.00</u>	<u>\$ 87,439.30</u>
Cash receipts			\$ 131,950.97		
Due from current fund			44,899.22		
			<u>\$ 176,850.19</u>		
Cancelled -appropriated reserves				\$ 174,065.00	
Cancelled -fund balance				<u>30,013.00</u>	
				<u>\$ 204,078.00</u>	

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS APPROPRIATED  
For the Year Ended December 31, 2011**

Ref.	Balance December 31, 2010	Transferred From 2011 Budget Appropriations	Expended	Cancelled	Balance December 31, 2011
	\$	\$	\$	\$	\$
State grants:					
Drunk driving enforcement fund - police	0.00	26,058.20	139.95	0.00	25,918.25
Over the limit under arrest	200.00	0.00	0.00	200.00	0.00
Environmental resource inventory update:					
State share	0.00	4,750.00	2,380.00	0.00	2,370.00
Municipal share	0.00	3,750.00	1,870.00	0.00	1,880.00
Clean communities grant	26,048.22	36,868.93	62,732.03	0.00	185.12
Municipal alliance for drug and alcohol abuse:					
State share	6,069.14	20,364.00	26,213.92	0.00	219.22
Municipal share	0.00	5,068.00	5,068.00	0.00	0.00
Emergency management fund grant	0.00	5,000.00	0.00	0.00	5,000.00
Hazardous site remediation grants:					
Quinn property	24,280.35	0.00	0.00	12,865.00	11,415.35
Alcohol education rehabilitation grant:					
Municipal court - salaries and wages	6.36	0.00	0.00	0.00	6.36
Department of criminal justice - body armor grant	1,153.67	0.00	0.00	0.00	1,153.67
Recycling tonnage grant	32,456.10	46,960.28	42,439.47	0.00	36,976.91
Department of environmental protection - municipal storm water regulation program	42.10	0.00	42.10	0.00	0.00

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS APPROPRIATED  
For the Year Ended December 31, 2011**

Ref.	Balance December 31, 2010	Transferred From 2011 Budget Appropriations	Expended	Cancelled	Balance December 31, 2011
<b>Federal grants:</b>					
	\$ 193,741.55	\$ 0.00	\$ 30,217.50	\$ 161,000.00	\$ 2,524.05
U.S.D.A. - rural development grant					
Bulletproof vest grant	1,622.50	0.00	0.00	0.00	1,622.50
Community development block grant	995.30	0.00	0.00	0.00	995.30
	<u>\$ 286,615.29</u>	<u>\$ 148,819.41</u>	<u>\$ 171,102.97</u>	<u>\$ 174,065.00</u>	<u>\$ 90,266.73</u>
Ref.	A	A-3			A
<b>Federal grants</b>					
	\$ 196,359.35	\$ 0.00	\$ 30,217.50	\$ 161,000.00	\$ 5,141.85
State grants	90,255.94	140,001.41	132,077.47	13,065.00	85,114.88
Municipal funds	0.00	8,818.00	8,808.00	0.00	10.00
	<u>\$ 286,615.29</u>	<u>\$ 148,819.41</u>	<u>\$ 171,102.97</u>	<u>\$ 174,065.00</u>	<u>\$ 90,266.73</u>
<b>Disbursed</b>					
			\$ 128,116.77		
Refund of disbursements			(2,017.70)		
Due to general capital fund			32,985.00		
Encumbrances			<u>12,018.90</u>		
			<u>\$ 171,102.97</u>		
Cancelled -state and federal grants receivable				<u>\$ 174,065.00</u>	

See accompanying auditor's report.

**TRUST FUND**  
**\*\*SCHEDULES\*\***

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011

	Ref.	Dog License	Other
Balance - December 31, 2010	B	\$ 58,893.46	\$ 694,770.75
Increased by receipts:			
State share of dog license fees		\$ 7,794.60	0.00
Dog license fees	B-3	22,173.40	0.00
Kennel license fees	B-3	179.00	0.00
Duplicate dog tag fees	B-3	9.00	0.00
Dog license late fees	B-3	4,928.00	0.00
Public defenders fees		0.00	7,600.00
Parking offenses adjudications act fines		0.00	4.00
Deposits site plan review fees		0.00	110,306.49
Community day proceeds		0.00	43,863.33
Fundraisers and donations		0.00	570.00
Deposits for police overtime cost		0.00	41,040.26
Municipal open space funds		0.00	103,166.66
Due from general capital fund- open space trust	B-6	0.00	117,670.04
Performance bonds		0.00	689.48
Due from general capital fund- recreation facilities trust		0.00	50,101.69
Dedicated penalties - bureau of fire safety		0.00	1,950.00
Forfeited funds		0.00	7,197.12
Ambulance corps funds		0.00	22,552.72
Interest earned		312.80	1,989.29
		<u>35,396.80</u>	<u>508,701.08</u>
		94,290.26	1,203,471.83

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011

	Ref.	Dog License	Other
Decreased by disbursements:			
Paid to State of New Jersey		\$ 7,800.00	\$ 0.00
Expenditures under R.S. 4:19-15.11	B-3	7,686.34	0.00
Paid to professionals for plan review		0.00	190,165.25
Municipal open space funds	B-6	0.00	35,327.10
Municipal alliance expenses		0.00	5,263.08
Due to general capital fund		0.00	20,280.00
Forfeited funds		0.00	640.95
Fundraisers and donations		0.00	2,977.53
Police overtime expenses		0.00	40,363.57
Public defender fees		0.00	8,050.00
Dedicated penalties - bureau of fire safety		0.00	400.00
Refund of bond		0.00	18,803.64
Community day expenses		0.00	37,702.36
Ambulance corps funds		0.00	23,209.35
Amount due to current fund		25,448.17	47,241.78
		\$ 40,934.51	\$ 430,424.61
Balance - December 31, 2011	B	\$ 53,355.75	\$ 773,047.22

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - COLLECTOR  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		<u>Tax Title Lien Redemption Trust Fund</u>		<u>Tax Premium Trust Fund</u>
Balance - December 31, 2010	B	\$	68,391.74	\$	136,330.63
Increased by:					
Deposits for redemption of liens	B-4	\$	927,627.85	\$	0.00
Tax sale premiums received in 2011			0.00	280,900.00	
Due from tax title lien redemption account			0.00	3,500.00	
Due current fund			5,416.08	0.00	
Interest on investment			<u>341.54</u>	<u>368.86</u>	
			<u>933,385.47</u>	<u>284,768.86</u>	
			<u>1,001,777.21</u>	<u>421,099.49</u>	
Decreased by:					
Redemption of liens	B-4		935,899.83	0.00	
Due to tax sale premium account			3,500.00	0.00	
Refund of premium upon redemption:					
Current year	B-5		0.00	100,700.00	
Due to current fund			<u>345.15</u>	<u>414.86</u>	
			<u>939,744.98</u>	<u>101,114.86</u>	
Balance - December 31, 2011	B	\$	<u>62,032.23</u>	\$	<u>319,984.63</u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
For the Year Ended December 31, 2011**

	<u>Ref.</u>			
Balance - December 31, 2010	B		\$	43,261.59
Increased by:				
Dog license fees	B-1	\$		22,173.40
Kennel license fees	B-1			179.00
Duplicate dog license fees	B-1			9.00
Late fees	B-1			4,928.00
				27,289.40
				70,550.99
Decreased by:				
Expenditures under R.S. 4:19-15.11:				
Cash	B-1			7,686.34
Statutory excess due to current fund				11,695.25
				19,381.59
Balance - December 31, 2011	B		\$	51,169.40

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2009	\$ 24,238.40
2010	26,931.00
	\$ 51,169.40

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B	\$	64,888.13
Increased by:			
Cash receipts	B-2		927,627.85
			<u>992,515.98</u>
Decreased by:			
Cash disbursements	B-2		935,899.83
			<u>935,899.83</u>
Balance - December 31, 2011	B	\$	<u><u>56,616.15</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF PREMIUM RECEIVED AT TAX SALE  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B	\$	139,800.00
Increased by:			
Premium received at tax sale	B-2	\$	280,900.00
Due from current fund			<u>800.00</u>
			<u>281,700.00</u>
			421,500.00
Decreased by:			
Premium refunded at redemption:			
Current year	B-2		<u>100,700.00</u>
Balance - December 31, 2011		\$	<u><u>320,800.00</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	B	\$	106,828.00
Increased by:			
2011 municipal tax levy		\$	80,528.85
Added and omitted taxes			242.38
Interest earned			1,236.91
State reimbursement for farmland			21,158.52
Funds returned from prior year appropriation- cancelled by general capital fund	B-1		<u>117,670.04</u>
			<u>220,836.70</u>
			327,664.70
Decreased by:			
Expenditures for open space	B-1		<u>35,327.10</u>
Balance - December 31, 2011	B	\$	<u><u>292,337.60</u></u>

See accompanying auditor's report.

**GENERAL CAPITAL FUND**

**\*\*SCHEDULES\*\***

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C	\$	475,116.69
Increased by receipts:			
Capital improvement fund	C-5	\$	6,000.00
Improvement authorizations funded:			
Recreation facility trust fund	C-6		20,280.00
Amount due from State of New Jersey			<u>252,452.19</u>
			<u>278,732.19</u>
			753,848.88
Decreased by disbursements:			
Due to current fund			283.00
Due to recreation facilities trust fund	C-6		50,101.69
Due to Open space trust fund	C-6		117,670.04
Contracts payable			139,396.52
Improvement authorizations	C-6		<u>380,974.02</u>
			<u>688,425.27</u>
Balance - December 31, 2011	C	\$	<u><u>65,423.61</u></u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH  
For the Year Ended December 31, 2011**

	Balance December 31, 2011
Fund balance	\$ 5,856.75
Due from State of New Jersey	(248,142.64)
Contracts payable	26,959.53
Due current fund	(30,000.00)
Due from federal and state grant fund	(32,985.00)
Due from recreation facilities trust fund	(4,880.00)
Improvement authorizations:	
Ordinance	
<u>Date</u>	
6-99 Road resurfacing program	923.63
16-02 Public buildings and grounds improvements	15,449.38
16-02 Road reconstruction	1,549.66
16-02 Purchase of ambulance and equipment	79,703.13
26-02 Infrastructure - Newfield Terrace	11,237.27
15-04 Renovations to Newfield Terrace community center	3,200.00
07-06 Purchase of DPW equipment	11,515.54
07-06 Purchase of police equipment	15,204.36
09-07 Piney Hollow Road	20.00
13-08 Piney Hollow Road- Phase II	34,389.49
25-08 Acquisition of replacement trash trucks	14,417.72
26-08 Supplemental environmental cleanup	(315,864.09)
02-09 Pennsylvania Avenue	13,906.59
04-09 Newfield Terrace community center	9,488.45
12-09 Road reconstruction and resurfacing	29,871.59
13-09 Repaving public works parking lot	1,032.22
15-09 Recreation projects	91,839.28
17-09 Franklin Forest development improvements	20,040.45
19-09 Weymouth road - section I	40,125.64
06-11 Road reconstruction and resurfacing	2,311.32
10-11 Weymouth Road- section II	66,473.34
12-11 Purchase youth mini goals	1,780.00
18-11 Purchase dump trucks with snow attachments	20,250.00
18-11 Purchase automated trucks for recycling services	29,000.00
18-11 Purchase automated trash cans and recycling cans	16,775.00
18-11 Construction of certain road improvements	40,025.00
18-11 Purchase various radios and equipment	450.00
18-11 Purchase hot box for asphalt storage	1,000.00
18-11 Purchase ambulance with related equipment	10,000.00
18-11 Improvements to public buildings and grounds	7,500.00
18-11 Construction of various infrastructure improvements for Meredith Farms redevelopment project	75,000.00
	\$ 65,423.61

Ref. C

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
For the Year Ended December 31, 2011**

Improvement Description	Ordinance Number	Balance December 31, 2011	Analysis Of Balance December 31, 2011		Unexpended Improvement Authorization
			Financed By Bond Anticipation Notes	Expended	
Supplemental environmental cleanup	26-08	\$ 460,750.00	\$ 0.00	\$ 315,864.09	\$ 144,885.91
Acquisition of three replacement trash trucks	25-08	641,726.00	333,441.00	0.00	308,285.00
Testing neighborhood wells and cleanup gasoline and hydraulic fluid at PWF	25-08	352,800.00	352,800.00	0.00	0.00
Purchase dump trucks with snow attachments	18-11	384,750.00	0.00	0.00	384,750.00
Purchase automated trucks for recycling services	18-11	551,000.00	0.00	0.00	551,000.00
Purchase automated trash cans and recycling cans	18-11	318,725.00	0.00	0.00	318,725.00
Construction of certain road improvements	18-11	760,475.00	0.00	0.00	760,475.00
Purchase various radios and equipment	18-11	8,550.00	0.00	0.00	8,550.00
Purchase hot box for asphalt storage	18-11	19,000.00	0.00	0.00	19,000.00
Purchase ambulance with related equipment	18-11	190,000.00	0.00	0.00	190,000.00
Improvements to public buildings and grounds	18-11	142,500.00	0.00	0.00	142,500.00
Construction of various infrastructure improvements for Meredith Farms redevelopment project	18-11	1,425,000.00	0.00	0.00	1,425,000.00
		<u>\$ 5,255,276.00</u>	<u>\$ 686,241.00</u>	<u>\$ 315,864.09</u>	<u>\$ 4,253,170.91</u>
Unfunded improvement authorizations			C-6		\$ 4,267,588.63
Less: Unexpended proceeds of bond anticipation notes issued- Ordinance 25-08					(14,417.72)
					<u>\$ 4,253,170.91</u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
For the Year Ended December 31, 2011**

	<u>Ref.</u>		
Balance - December 31, 2010	C	\$	131,015.00
Increased by:			
2011 budget appropriation received	C-2	\$	6,000.00
2011 budget appropriation due from current fund			<u>30,000.00</u>
			<u>36,000.00</u>
			<u>167,015.00</u>
Decreased by:			
Appropriated to fund improvement authorizations	C-6		<u>167,015.00</u>
Balance - December 31, 2011	C	\$	<u><u>0.00</u></u>

See accompanying auditor's report.



**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
For the Year Ended December 31, 2011**

Ordinance Number	Improvement Description	Date Of Issue Of Original Notes	Date Of Issue	Date Of Maturity	Interest Rate	Balance December 31, 2010	Decrease	Balance December 31, 2011
25-08	Acquisition of three replacement trash trucks	9/18/2008	9/13/2011	9/12/2012	1.00%	\$ 351,965.00	\$ 18,524.00	\$ 333,441.00
26-08	Testing neighborhood wells and cleanup gasoline and hydraulic fluid at PWF	9/18/2008	9/13/2011	9/12/2012	1.00%	372,400.00	19,600.00	352,800.00
						<u>\$ 724,365.00</u>	<u>\$ 38,124.00</u>	<u>\$ 686,241.00</u>

Ref. C A-3 C

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 STATEMENT OF GENERAL SERIAL BONDS PAYABLE  
 For the Year Ended December 31, 2011

Ordinance Number	Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2010	Balance December 31, 2011
				Date	Outstanding December 31, 2011 Amount			
Various	General obligation bonds series 2002	5/1/02	\$ 8,605,000.00	5/1/2012	\$ 370,000.00	4.125%		
				5/1/2013	415,000.00	4.125%		
				5/1/2014	460,000.00	4.125%		
				5/1/2015	510,000.00	4.200%		
				5/1/2016	560,000.00	4.250%		
				5/1/2017	615,000.00	4.375%		
				5/1/2018	670,000.00	4.450%		
				5/1/2019	725,000.00	4.550%		
				5/1/2020	790,000.00	4.625%		
				5/1/2021	850,000.00	4.125%		
							\$ 6,320,000.00	\$ 5,965,000.00
							\$ 6,320,000.00	\$ 5,965,000.00

Ref. C A-3 C

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GREEN ACRES TRUST LOAN  
 For the Year Ended December 31, 2011

Purpose	Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance December 31, 2010	Paid	Balance December 31, 2011
Acquisition of land adjacent to Malaga Lake Park	\$ 92,250.00	*	2.00%	\$ 42,213.81	\$ 4,916.58	\$ 37,297.23
				\$ 42,213.81	\$ 4,916.58	\$ 37,297.23
			Ref.	C	A-3	C

\* Payments are due semi-annually on March 21 and September 21 in the amount of \$2,868.20.

See Footnote.

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED AND NOT ISSUED  
For the Year Ended December 31, 2011**

Ordinance Number	Purpose	Balance December 31, 2011
25-08	Trash trucks and environmental cleanup	\$ 308,285.00
26-08	Supplemental environmental cleanup	460,750.00
18-11	Various capital projects	<u>3,800,000.00</u>
		<u>\$ 4,569,035.00</u>
	Ref.	Footnote

See accompanying auditor's report.

**PUBLIC ASSISTANCE TRUST FUND**

**\*\*SCHEDULES\*\***

**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2011**

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance - December 31, 2010	E	\$ 3,209.20
Increased by receipts:		
Interest		16.27
		<u>3,225.47</u>
Decreased by disbursements:		
Due to current fund		16.03
Balance - December 31, 2011	E	<u>\$ 3,209.44</u>

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE TRUST FUND  
STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5  
For the Period Ended April 30, 2012**

	<u>Ref.</u>	
Balance - December 31, 2011	E-1	\$ 3,209.44
Increased by:		
Cash receipts record		0.00
		<u>3,209.44</u>
Decreased by:		
Cash disbursement record		0.00
		<u>0.00</u>
Balance - April 30, 2012		<u>\$ 3,209.44</u>
Newfield National Bank		<u>\$ 3,209.44</u>

See accompanying auditor's report.

**PAYROLL ACCOUNT**

**\*\*SCHEDULES\*\***

**TOWNSHIP OF FRANKLIN  
 PAYROLL AGENCY ACCOUNT  
 SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE  
 For the Year Ended December 31, 2011**

Public employees' retirement system	\$	16,195.37
Police and firemen's pension system		<u>19,908.14</u>
		<u>\$ 36,103.51</u>

Ref.                      F

See accompanying auditor's report.

**TOWNSHIP OF FRANKLIN**

\*\*\*\*\*

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**For the Year Ended December 31, 2011**

## GENERAL COMMENTS

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

N.J.S. 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 costs or 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 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 in the aggregate \$36,000.00, except by contract or agreement".

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed Bidding Requirements within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

#### Snow Removal Rapid Response Road Repair Program

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services which include but are not limited to solicitors, engineers, land surveyors, and accountants. However, in lieu of requiring formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (N.J.S. 40A:11-5 (l) (a) (i) ):

"The governing body shall in each instance state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service, and amount of the contract, and that the resolution and contract are on file..."

My examination indicated that the Township complied with this requirement during 2011.

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

My examination of expenditures did not reveal any individual payments, contracts, or agreements in excess of \$36,000.00 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 N.J.S. 40A:11-6.

## **GENERAL COMMENTS (Continued)**

### **Contracts or Agreements Not Required to be Advertised in Accordance with N.J.S. 40A:11-6.1**

N.J.S. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$5,400.00, at least three quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract agreement shall be made with and awarded to the lowest responsible bidder."

Our audit indicated that, for individual payments, contracts, or agreements made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of \$5,400.00, there was not documentation that solicitation for quotations was done in accordance with the provisions of N.J.S. 40A:11-6.1.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The governing body on January 1, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, in and by N.J.S.A. 54:4-67, a governing body of any municipality may fix the rate of interest to be charged for non-payment of taxes or assessments on or before the date when they became delinquent; and

WHEREAS, the Franklin Township Committee has ordered that the Tax Collector charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

WHEREAS, the Franklin Township Committee has ordered the Tax Collector to charge a penalty of six (6%) percent of the delinquency in excess of \$10,000.00, to a taxpayer who fails to pay the delinquency prior to the end of the calendar year; and

NOW, THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of \$1,500.00.

BE IT FURTHER RESOLVED, by the Franklin Township Committee that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00.

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on October 28, 2011 and was complete. The current and prior year's taxes, as reflected on the audit schedule, are protected under the bankruptcy act.

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

## **GENERAL COMMENTS (Concluded)**

### **Delinquent Taxes and Tax Title Liens (Concluded)**

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	121
2010	145
2009	132

It is essential to good management that all means provided by statute be utilized to liquidate liens by seriously undertaking foreclosure proceedings on appropriate properties in order to get such properties back on a taxpaying basis.

### **Deferred Compensation Plan**

In accordance with N.J.A.C. 5:37-1 et seq. our audit included procedures to test employer payroll records and employee joinder agreements against information provided to the Township by the plan administrators of the deferred compensation plans. In regards to items tested we found no discrepancies and were able to reconcile the total amount of payroll deferrals to plan contributions. In addition, we reviewed copies of the independent auditor's reports, which expressed an unqualified opinion, dated as of December 31, 2011, on the assets of the plan held by the independent administrator of the plan.

All federal, state, and local approvals of the plan, including the latest revisions as required, were available for audit.

## **OTHER COMMENTS**

### **Chief Financial Officer**

A corrective action plan for the results of the 2010 Report of Audit was not prepared in accordance with requirements of the Division of Local Government Services.

### **Payroll Fund**

The examination of the Payroll Fund did include a sampling of the detailed computation of various deductions from the payroll of the Township employees and did ascertain that the accumulated withholdings were disbursed to the proper agencies.

### **Municipal Court**

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board. As part of the test of the records, no attempt was made to differentiate among fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

In 2011, the Municipal Court revenues dropped drastically as a result of the reduction of police officers in 2010 and 2011.

### **Construction Code Official**

A test of the expenditures of the construction code fees was done as required by N.J.A.C. 5:23-4.17(b)3. All fees collected pursuant to the municipality's fee schedule were appropriated in accordance with the requirements of the Uniform Construction Code Act and the Local Budget Law, which were applied solely to meet the municipal costs of enforcing those regulations as specified by N.J.A.C. 5:23-4.17(c)2.

The uniform construction code annual report was prepared by the Chief Financial Officer and was in agreement with receipts recorded in the Construction Code Official's records.

**TOWNSHIP OF FRANKLIN**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**For the Year Ended December 31, 2011**

This section identifies the significant deficiencies, material weaknesses, and the instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2011-1**

**Criteria or Specific Requirement**

Corrective Action Plans are required to be prepared by the Chief Financial Officer within 45 days from receipt of the annual audit report.

**Condition**

There were recommendations in the audit report that required a corrective action plan be prepared.

**Context**

The Chief Financial Officer did not prepare a corrective action plan as required by the Division of Local Government Services.

**Effect**

The corrective action plan should have been prepared in accordance with requirements of the Division of Local Government Services.

**Cause**

The corrective action plan was not prepared.

**Recommendation**

A corrective action plan be prepared.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will take corrective action in 2012.

**TOWNSHIP OF FRANKLIN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND  
QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

**TOWNSHIP OF FRANKLIN  
OFFICIALS IN OFFICE AND SURETY BONDS**

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

Name	Title
Patrick Dougherty	Mayor
Joseph Petsch, Jr.	Deputy Mayor
Marge Pfrommer	Committeeperson
Harold Atkinson	Committeeperson
Francis Ciancaglini	Committeeperson
Frances Carder	Chief Financial Officer
Carolyn Toy	Township Clerk
	Improvement Search Officer
	Registrar of Vital Statistics
	Secretary to Board of Health
Lawrence Nightlinger, Jr.	Tax Collector
	Tax Search Officer
Steven Rickershauser	Construction Code Official
Nancy Kennedy Brent	Magistrate
Wendy Seitz	Court Administrator
Tracy Bleda	Deputy Court Administrator
Michael DiGiorgio	Township Administrator
William F. Ziegler, Esquire	Solicitor
Fralinger Engineering	Engineer

Note: All officials and employees are covered by the Joint Insurance Fund with a bond in the amount of \$1,000,000.00 each.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments to recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

I desire to express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

*Ball, Buckley & Seher, LLP*

BALL, BUCKLEY & SEHER, LLP  
Certified Public Accountants

A handwritten signature in black ink that reads "William H. Buckley, III". The signature is written in a cursive style with a long horizontal flourish extending to the right.

William H. Buckley, III  
Registered Municipal Accountant #46  
Certified Public Accountant