

**TOWNSHIP OF FRANKLIN**  
**COUNTY OF GLOUCESTER**  
**REPORT OF AUDIT**  
**For the Year Ended December 31, 2010**

# TOWNSHIP OF FRANKLIN

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Not Applicable

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BOND AND INTEREST ACCOUNT - Exhibit

Not Applicable

GENERAL FIXED ASSETS - Exhibit

Not Applicable

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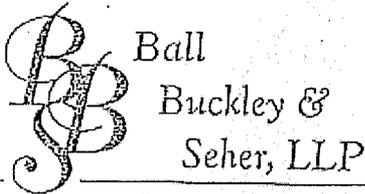
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**TOWNSHIP OF FRANKLIN**

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

**For the Year Ended December 31, 2010**



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

I have audited the accompanying balance sheets - statutory basis of the various funds and account groups of the Township of Franklin, County of Gloucester, State of New Jersey, as of December 31, 2010 and 2009, and the related statements of operations and changes in fund balances - statutory basis for the years then ended, and the related statements of revenues - statutory basis and statement of expenditures - statutory basis of the various funds, as of and for the year ended December 31, 2010, 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. My responsibility is to express an opinion on these financial statements based on my audit.

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

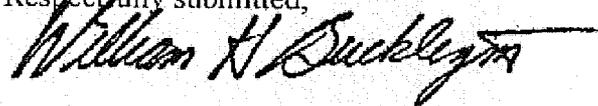
In my opinion, because the Township of Franklin prepares its financial statements on the basis of accounting described in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Franklin as of December 31, 2010, and the results of its operations for the year then ended.

However, in my opinion, based on my audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position - statutory basis of the various funds and account groups of the Township of Franklin as of December 31, 2010 and 2009, and the results of operations and changes in fund balances - statutory basis of such funds and the statement of revenues - statutory basis and statement of expenditures - statutory basis of the various funds of the Township of Franklin as of December 31, 2010 and 2009 on the modified accrual basis of accounting thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 11, 2011, on my consideration of the Township of Franklin's internal control over financial reporting and on my 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 my 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 my audit.

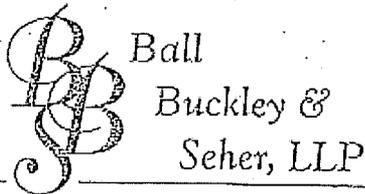
My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Franklin's financial statements as a whole. The accompanying supplemental schedules and information presented in the "Supplementary Data", "General Comments", "Other Comments", and "Recommendations" 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 my opinion, the information, is fairly stated in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,



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

May 11, 2011



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

I have audited the financial statements of the Township of Franklin, County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2010, which collectively comprise the Township of Franklin's financial statements, and have issued my report thereon dated May 11, 2011. I conducted my 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.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Township of Franklin's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I 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.

My 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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I noted certain immaterial instances of noncompliance that I have reported to management in the "General Comments and Recommendations" section of this report.

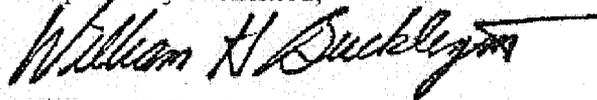
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Franklin' financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

I noted certain immaterial matters that I have reported to management of the Township of Franklin, in the "General Comments and Recommendations" section of this report.

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,



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

May 11, 2011

**CURRENT FUND**

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TOWNSHIP OF FRANKLIN  
CURRENT FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009

		Balance December 31, 2010	Balance December 31, 2009		Balance December 31, 2010	Balance December 31, 2009
Ref.				Ref.		
<b>ASSETS</b>						
Regular fund:						
A-4	Cash - chief financial officer	\$ 1,491,098.15	\$ 2,350,199.94	A-3-A-9	\$ 374,768.80	\$ 267,140.35
A-5	Cash - tax collector	20,814.61	23,638.22	A-3-A-9	88,504.32	107,883.90
	Cash - change funds	220.00	220.00	A-9	29,500.00	29,500.00
	<b>Total</b>	<u>1,512,132.76</u>	<u>2,374,058.16</u>		<u>432,773.12</u>	<u>366,524.25</u>
Receivables and other assets with full reserves:						
A-6	Delinquent property taxes receivable	913.88	9,891.68		46,596.78	49,537.74
A-7	Tax title liens receivable	353,870.42	175,843.88	B	0.00	2,482.42
	Property acquired for taxes - assessed valuation	5,454,458.87	5,444,658.87	A-6	29,730.90	72,428.97
A-8	Revenue accounts receivable	78,312.63	80,612.58	A-10	90,002.98	84,997.48
	Cleanup charges receivable	46,277.84	44,469.53		1,939.00	4,367.00
	Cleanup charges receivable	3,353.00	0.00		1,335.71	0.00
C	Amount due from general capital fund	283.00	0.00	A	0.00	21,076.74
B	Amount due from dog license trust	15,720.47	0.00	B	4,063.35	3,593.21
B	Amount due from trust funds - other	46,706.63	257.95	E	0.24	0.24
A	Amount due from state and federal grant fund	90,933.37	0.00	F	86.87	0.00
F	Amount due from payroll funds	0.00	42.89	A-4	5,548.00	8,231.30
A-1	Prepaid fire district taxes	219,187.77	0.21		39,000.00	52,000.00
A-11	Prepaid regional school taxes	6,310,048.09	5,755,777.64		1,969.83	1,969.83
	<b>Total</b>	<u>6,310,048.09</u>	<u>5,755,777.64</u>		<u>17,449.79</u>	<u>59,310.00</u>
Deferred charges:						
A-9	Overexpenditure of appropriation reserves	0.00	898.49		88.20	14,463.66
	Special emergency authorization (5 years)	39,000.00	52,000.00		15,159.42	15,159.42
	<b>Total</b>	<u>39,000.00</u>	<u>52,898.49</u>		<u>42,045.00</u>	<u>0.00</u>
<b>Federal and state grant fund:</b>						
A-4	Cash - chief financial officer	73,347.55	100.35	A	1,191,520.08	1,191,520.08
A-12	State grants receivable	322,580.08	341,981.02	A-1	6,310,048.09	5,755,777.64
A	Amount due from current fund	0.00	21,076.74		386,097.22	1,235,436.57
	<b>Total</b>	<u>395,927.63</u>	<u>363,158.11</u>		<u>7,861,180.85</u>	<u>8,182,734.29</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>						
Regular fund:						
	Appropriation reserves					
	Reserve for encumbrances					
	Accounts payable					
	Tax overpayments					
	Taxes collected in advance					
	Amount due to State of New Jersey - summer citizens' and veterans' elections					
	Amount due to dog license trust fund					
	Amount due county for added and omitted taxes					
	Local school district tax payable					
	Due to State of New Jersey - DCA fees					
	County taxes payable					
	Amount due to state and federal grants					
	Amount due to trust funds - other					
	Amount due to public assistance fund					
	Amount due to payroll account					
	Reserve for garden state trust fund					
	Emergency notes payable					
	Reserve for senior citizens' activities					
	Reserve for Deerwoods development settlement					
	Reserve for:					
	Local grants					
	Preparation of master plan					
	Deposits for sale of land					
	<b>Total</b>					
	Reserve for receivables and other assets					
	Fund balance					
	Federal and state grant fund:					
	Reserve for encumbrances					
	Amount due to current fund					
	Reserves for state and federal grants:					
	Unappropriated					
	Appropriated					
	<b>Total</b>					

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE  
For the Years Ended December 31, 2010 and 2009

	Ref.	Year 2010	Year 2009
Revenue and other income realized:			
Fund balance utilized	A-2	\$ 1,000,000.00	\$ 875,900.15
Miscellaneous revenue anticipated	A-2	2,830,886.07	3,546,548.80
Receipts from delinquent taxes	A-2	129,865.16	154,044.98
Receipts from current taxes	A-2	35,018,856.70	34,058,678.91
Non-budget revenue	A-2	468,583.86	212,795.34
Other credits to income:			
Unexpended balance of appropriation reserves	A-9	42,915.44	57,876.79
Tax overpayments cancelled		15,949.07	367.93
Reserve for grants- encumbrances cancelled		0.00	145.00
Interfunds cleared		42.89	40,965.97
Total income		<u>39,507,099.19</u>	<u>38,947,323.87</u>
Expenditures:			
Budget and emergency appropriations:			
Appropriations within "CAPS":			
Operations:			
Salaries and wages	A-3	4,417,582.93	4,846,664.89
Other expenses	A-3	3,596,372.74	3,356,931.87
Deferred charges and statutory expenditures	A-3	1,142,114.26	796,854.90
Appropriations excluded from "CAPS":			
Operations:			
Other expenses	A-3	826,263.81	969,650.30
Capital improvements	A-3	6,000.00	6,000.00
Municipal debt service	A-3	652,559.99	656,850.34
Deferred charges	A-3	13,000.00	13,000.00
County taxes	A-6	8,227,748.36	8,465,304.63
Amount due county for added taxes	A-6	29,730.90	72,428.97
Local district school tax	A-10	8,478,878.50	8,147,830.00
Regional high school tax	A-11	9,788,371.27	9,216,907.88
Fire district tax	A-6	1,723,923.00	1,654,907.00
Municipal open space tax	A-6	81,180.21	81,114.66
Prior year deductions disallowed	A-6	0.00	8,936.30
Interfund loans advanced		153,385.52	300.84
Prepaid fire district taxes	A	0.00	0.21
Prepaid regional school district taxes	A	219,187.72	0.05
Overexpenditure of appropriation reserves		0.00	898.49
Prior period adjustment- garden state trust realized directly to fund balance		0.00	10,449.23
Adjustment to prior year payroll deductions		139.33	0.00
Total expenditures		<u>39,356,438.54</u>	<u>38,305,030.56</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE  
For the Years Ended December 31, 2010 and 2009**

	Ref.	Year 2010	Year 2009
Excess in revenue		\$ 150,660.65	\$ 642,293.31
Expenditures included above which are by statute deferred charges to budget of succeeding year	A-3	0.00	898.49
Statutory excess to fund balance		150,660.65	643,191.80
Fund balance - January 1	A	1,235,436.57	1,468,144.92
		1,386,097.22	2,111,336.72
Decreased by utilization as anticipated revenue	A-2	1,000,000.00	875,900.15
Fund balance - December 31	A	\$ 386,097.22	\$ 1,235,436.57

TOWNSHIP OF FRANKLIN  
 CURRENT FUND  
 STATEMENT OF REVENUES  
 For the Year Ended December 31, 2010

Ref.	Anticipated		Special N.J.S. 40A:4-87	Realized	Excess Or (Deficit)
	Budget	\$			
A-1	\$ 1,000,000.00	\$	0.00	\$ 1,000,000.00	\$ 0.00
A-8	5,000.00		0.00	7,153.68	2,153.68
A-2	3,200.00		0.00	3,250.00	50.00
A-2	69,000.00		0.00	54,445.45	(14,554.55)
A-8	388,000.00		0.00	327,586.29	(60,413.71)
A-5	113,000.00		0.00	140,499.13	27,499.13
A-2	48,000.00		0.00	20,233.46	(27,766.54)
A-8	1,315,649.00		0.00	1,315,649.00	0.00
A-8	130,507.00		0.00	130,507.00	0.00
A-8	302,000.00		0.00	325,106.72	23,106.72
A-8	8,231.30		0.00	8,231.30	0.00
A-8	229,400.00		0.00	151,452.00	(77,948.00)
A-2	23,800.00		0.00	29,062.88	5,262.88
A-12	36,105.71		0.00	36,105.71	0.00
A-12	20,364.00		0.00	20,364.00	0.00
A-12	2,036.00		0.00	2,036.00	0.00
A-12	5,000.00		0.00	5,000.00	0.00
A-12	1,232.54		2,786.56	4,019.10	0.00
A-12	0.00		4,400.00	4,400.00	0.00
A-12	7,293.59		8,500.00	15,793.59	0.00

Fund balance anticipated  
 Miscellaneous revenues:  
 Licenses:  
   Alcoholic beverages  
   Other  
 Fees and permits:  
   Other  
 Fines and costs - municipal court  
 Interest and costs on taxes  
 Interest on investments and deposits  
 Energy receipts taxes  
 Consolidated municipal property tax relief act  
 Emergency medical service billing  
 Reserve for garden state trust fund  
 Uniform construction code fees  
 Uniform fire safety code fees  
 Clean communities program  
 Municipal alliance for drug and alcohol abuse  
 Municipal alliance for drug and alcohol abuse -  
   Elk Township  
 Emergency management assistance program  
 Division of criminal justice - body armor fund  
 Over the limit under arrest  
 Drunk driving enforcement fund

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010

Ref.	Budget	Anticipated		Realized	Excess Or (Deficit)
		N.J.S. 40A:4-87	Special		
A-12	\$ 0.00	\$ 1,622.50	\$	1,622.50	\$ 0.00
A-8	58,472.49	0.00		58,472.49	0.00
A-8	59,310.00	0.00		41,860.21	(17,449.79)
A-12	47,000.00	0.00		47,000.00	0.00
A-8	30,246.76	0.00		30,246.76	0.00
A-8	42,080.60	0.00		46,149.60	4,069.00
A-8	3,000.00	0.00		3,000.00	0.00
A-8	10,000.00	0.00		1,639.20	(8,360.80)
Total	2,957,928.99	17,309.06		2,830,886.07	(144,351.98)
A-2	107,000.00	0.00		129,865.16	22,865.16
Receipts from delinquent taxes					
Amount to be raised by taxes for support of					
municipal budget - local taxes for municipal					
purposes					
A-2	6,951,655.84	0.00		6,910,174.07	(41,481.77)
A-2	11,016,584.83	17,309.06		10,870,925.30	(162,968.59)
Budget totals					
A-2	0.00	0.00		468,583.86	468,583.86
Total	\$ 11,016,584.83	\$ 17,309.06		\$ 11,359,509.16	\$ 305,615.27
Non-budget revenues					

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010

ANALYSIS OF REALIZED REVENUES

	<u>Ref.</u>	
Allocations of current tax collections:		
Revenue from collections	A-6	\$ 35,018,856.70
Allocated to:		
School, county, and special district taxes	A-6	28,329,832.24
Balance for support of municipal appropriations		6,689,024.46
Add: appropriation "reserve for uncollected taxes"	A-3	221,149.61
		<hr/>
Amount for support of municipal budget appropriations	A-2	\$ 6,910,174.07
		<hr/>
Analysis of receipts from delinquent taxes:		
Delinquent tax collections	A-6	\$ 18,268.46
Tax title lien collections	A-7	111,596.70
		<hr/>
Total	A-2	\$ 129,865.16
		<hr/>
Other licenses:		
Township clerk	A-8	\$ 1,660.00
Health officer	A-8	1,250.00
Registrar of vital statistics	A-8	340.00
		<hr/>
Total licenses	A-2	\$ 3,250.00
		<hr/>
Fees and permits:		
Township clerk	A-8	\$ 7,192.00
Registrar of vital statistics	A-8	1,790.00
Tax collector-site fees	A-8	13,632.88
Tax search officer	A-8	782.00
Planning board	A-8	4,664.00
Zoning board	A-8	14,064.00
Housing inspections	A-8	5,470.00
Police chief	A-8	6,850.57
		<hr/>
Total fees and permits	A-2	\$ 54,445.45
		<hr/>
Interest on investments and deposits:		
Chief financial officer	A-4	\$ 15,723.82
Due from payroll account		9.57
Due from trust funds		4,500.07
		<hr/>
	A-2	\$ 20,233.46
		<hr/>

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF REVENUES  
For the Year Ended December 31, 2010

ANALYSIS OF NON-BUDGET REVENUES

	<u>Ref.</u>		
Uniform fire safety code fees:			
State life hazard use fees	A-8	\$	20,471.38
Fire safety code official	A-8		<u>8,591.50</u>
Total uniform fire safety code fees	A-2	\$	<u>29,062.88</u>
Chief financial officer:			
Administrative fees - veterans and senior citizens deductions		\$	4,455.99
Sale of other assets			3,000.00
Sale of liquor license			233,000.00
Recycling fees			9,994.20
State inspection fees			26,980.50
soda commission			367.50
Clear channel			2,145.00
Sale of police car			5,250.00
Rental fees other			1,441.75
Prior year refunds/miscellaneous			<u>130,127.13</u>
Total chief financial officer	A-4	\$	416,762.07
Tax collector:			
Duplicate tax sale certificate			1,150.00
Recording fees			1,180.00
Foreclosure fees			2,100.00
Municipal cleanup charges receivable			22,511.73
Miscellaneous			<u>60.00</u>
	A-5		27,001.73
Revenue accounts receivable:			
Tax collector - payments in lieu of taxes	A-8		<u>4,850.46</u>
			4,850.46
Non-cash adjustments:			
Bond sale premium- general capital fund	C-3		283.00
Statutory excess in dog license fund	B-3		<u>19,686.60</u>
Total	A-2	\$	<u>468,583.86</u>

TOWNSHIP OF FRANKLIN  
 CURRENT FUND  
 STATEMENT OF EXPENDITURES  
 For the Year Ended December 31, 2010

	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	\$ 118,565.00	\$ 121,604.41	\$ 121,604.41	\$ 0.00	\$ 0.00	\$ 0.00	0.00
Other expenses	60,120.00	59,620.00	58,790.62	150.00	679.38	0.00	0.00
Human resources (personnel):							
Other expenses	25,000.00	67,000.00	44,920.60	7,138.00	14,941.40	0.00	0.00
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	720.00	550.00	550.00	0.00	0.00	0.00	0.00
Municipal clerk:							
Salaries and wages	70,240.00	72,833.41	72,833.41	0.00	0.00	0.00	0.00
Other expenses	20,185.00	20,185.00	16,313.99	1,331.52	2,539.49	0.00	0.00
Financial administration:							
Salaries and wages	67,400.00	67,346.71	67,346.71	0.00	0.00	0.00	0.00
Other expenses	11,530.00	10,530.00	10,030.38	0.00	499.62	0.00	0.00
Audit services:							
Other expenses	56,000.00	52,000.00	50,658.00	0.00	1,342.00	0.00	0.00
Computer data processing:							
Other expenses	6,500.00	6,500.00	6,368.80	0.00	131.20	0.00	0.00
Revenue administration (tax collector):							
Salaries and wages	81,380.00	82,080.00	81,405.54	0.00	674.46	0.00	0.00
Other expenses	20,711.00	20,711.00	20,565.05	0.00	145.95	0.00	0.00
Tax assessment administration:							
Salaries and wages	69,377.00	76,477.00	74,662.88	0.00	1,814.12	0.00	0.00
Other expenses	16,938.00	16,938.00	10,375.86	0.00	6,562.14	0.00	0.00
Legal services and costs:							
Other expenses	221,000.00	221,000.00	193,655.36	1,239.63	26,105.01	0.00	0.00
Engineering services and costs:							
Other expenses:							
Fees	90,000.00	70,000.00	55,912.85	10,335.60	3,751.55	0.00	0.00

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAP"</b>						
General government (concluded):						
Historical sites office:						
Salaries and wages	\$ 700.00	\$ 525.00	\$ 525.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	3,600.00	2,600.00	1,865.56	0.00	734.44	0.00
Land use and development:						
Planning board:						
Salaries and wages	132,371.00	138,171.00	136,792.15	0.00	1,378.85	0.00
Other expenses	22,413.00	17,413.00	15,786.12	0.00	1,626.88	0.00
Zoning board of adjustment:						
Salaries and wages	29,671.00	27,995.66	27,995.66	0.00	0.00	0.00
Other expenses	10,800.00	10,800.00	10,364.79	0.00	435.21	0.00
State uniform construction code:						
Construction code official:						
Salaries and wages	138,889.00	145,652.00	142,998.20	0.00	2,653.80	0.00
Other expenses	27,776.00	27,776.00	4,186.10	0.00	23,589.90	0.00
Demolition of buildings:						
Other expenses	500.00	0.00	0.00	0.00	0.00	0.00
Insurance:						
Liability insurance	171,150.00	170,829.00	170,829.00	0.00	0.00	0.00
Workmen's compensation insurance	340,814.00	340,814.00	304,807.64	0.00	1,006.36	35,000.00
Employees' group insurance	815,568.00	815,568.00	711,133.71	0.00	54,434.29	50,000.00
Public safety:						
Police:						
Salaries and wages	2,614,771.00	2,614,771.00	2,579,935.65	0.00	4,835.35	30,000.00
Other expenses	112,042.00	102,042.00	95,046.54	1,452.37	5,543.09	0.00

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAP"</b>						
Public safety (concluded):						
Office of emergency management:						
Salaries and wages	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	900.00	900.00	0.00	0.00	0.00	900.00
Aid to volunteer ambulance companies:						
Other expenses	19,350.00	14,350.00	13,132.05	237.00	980.95	0.00
Uniform fire safety code:						
Salaries and wages	22,453.00	18,525.02	18,525.02	0.00	0.00	0.00
Other expenses	4,183.00	8,110.98	1,630.25	2,058.45	4,422.28	0.00
Municipal prosecutor:						
Salaries and wages	28,183.00	28,183.00	28,182.24	0.00	0.00	0.76
Municipal court:						
Salaries and wages	145,125.00	145,125.00	142,035.80	0.00	3,089.20	0.00
Other expenses	22,060.00	20,856.47	18,242.86	0.00	2,613.61	0.00
Public defender:						
Salaries and wages	9,903.00	9,903.00	4,403.00	0.00	0.00	5,500.00
Public works:						
Street and road maintenance:						
Salaries and wages	681,603.00	681,603.00	659,440.05	0.00	22,162.95	0.00
Other expenses	212,895.00	197,895.00	160,840.71	249.71	19,354.79	17,449.79
Solid waste collection:						
Salaries and wages	132,195.00	132,195.00	119,048.69	0.00	8,146.31	5,000.00
Other expenses	15,000.00	9,252.08	9,252.08	0.00	0.00	0.00
Building and grounds:						
Other expenses	84,100.00	84,100.00	64,134.30	2,071.57	17,894.13	0.00
Community center:						
Salaries and wages	47,960.00	47,152.48	47,152.48	0.00	0.00	0.00
Other expenses	7,050.00	2,050.00	1,670.42	0.00	379.58	0.00
Vehicle maintenance:						
Other expenses	177,800.00	192,800.00	180,049.72	10,142.56	2,607.72	0.00

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	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	\$ 19,453.00	\$ 23,066.00	\$ 22,066.26	\$ 0.00	\$ 999.74	\$ 0.00
Other expenses	24,300.00	24,300.00	14,589.15	0.00	9,710.85	0.00
Environmental health commission:						
Salaries and wages	400.00	0.00	0.00	0.00	0.00	0.00
Other expenses	675.00	440.00	440.00	0.00	0.00	0.00
Cable television commission:						
Salaries and wages	6,500.00	6,500.00	1,696.99	0.00	4,803.01	0.00
Other expenses	3,500.00	3,500.00	1,551.56	0.00	1,948.44	0.00
Parks and recreation:						
Recreation services and programs:						
Park commission:						
Salaries and wages	12,500.00	375.00	375.00	0.00	0.00	0.00
Other expenses	21,960.00	21,960.00	14,424.75	1,550.00	5,985.25	0.00
Maintenance of parks:						
Other expenses:	41,382.00	41,382.00	21,740.41	0.00	9,641.59	10,000.00
Utility expense and bulk purchasing:						
Electricity	106,700.00	106,700.00	95,787.45	0.00	10,912.55	0.00
Street lighting	99,500.00	99,500.00	92,093.71	0.00	7,406.29	0.00
Telephone	48,000.00	48,000.00	44,481.30	123.00	3,395.70	0.00
Gas (natural and propane)	22,300.00	22,300.00	21,136.58	0.00	1,163.42	0.00
Fuel oil	133,500.00	133,500.00	113,489.94	1,897.08	18,112.98	0.00
Gasoline	88,950.00	89,950.00	76,934.55	12,471.23	544.22	0.00
Sanitation:						
Sanitary landfill:						
Other expenses	555,000.00	555,000.00	516,674.39	6,056.60	32,269.01	0.00

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAP"</b>						
Contingent	\$ 5,000.00	\$ 5,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,000.00
Total operations within "CAP"	8,175,111.00	8,172,806.22	7,611,482.29	58,504.32	343,969.06	158,850.55
<i>Detail:</i>						
Salaries and wages	4,447,639.00	4,458,083.69	4,367,025.14	0.00	50,557.79	40,500.76
Other expenses	3,727,472.00	3,714,722.53	3,244,457.15	58,504.32	293,411.27	118,349.79
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</b>						
Deferred charges:						
Overexpenditure of appropriation reserves	898.49	898.49	898.49	0.00	0.00	0.00
Statutory expenditures:						
Contribution to:						
Social security system (O.A.S.I.)	350,000.00	350,000.00	336,804.29	0.00	13,195.71	0.00
Public employees retirement system	195,218.00	195,318.00	195,313.38	0.00	4.62	0.00
Police and firemen's retirement system	520,121.00	520,121.00	520,121.00	0.00	0.00	0.00
Unemployment insurance	14,000.00	16,000.00	15,437.51	0.00	562.49	0.00
Defined contribution retirement	600.00	604.77	604.77	0.00	0.00	0.00
Contribution to PFRS- ERI	27,216.00	27,216.00	27,216.00	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"	1,140,009.49	1,142,114.26	1,128,351.44	0.00	13,762.82	0.00
Total general appropriations for municipal purposes within "CAP"	9,315,120.49	9,314,920.48	8,739,833.73	58,504.32	357,731.88	158,850.55

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered Reserved	
<b>OPERATIONS EXCLUDED FROM "CAP"</b>					
Maintenance of free public library	\$ 495,939.15	\$ 495,939.15	\$ 495,939.15	\$ 0.00	\$ 0.00
Emergency medical services staffing:					
Other expenses	191,000.00	191,000.00	173,963.08	17,036.92	0.00
SFSP fire district payments	5,684.00	5,684.00	5,684.00	0.00	0.00
State and federal programs offset by revenues:					
Clean communities grant:					
Other expenses	36,105.71	36,105.71	36,105.71	0.00	0.00
Municipal alliance for drug and alcohol abuse:					
Grant funds	22,400.00	22,400.00	22,400.00	0.00	0.00
Local match	11,053.00	11,053.00	11,053.00	0.00	0.00
Emergency management fund grant - police	5,000.00	5,000.00	5,000.00	0.00	0.00
Over the limit under arrest	4,400.00	4,400.00	4,400.00	0.00	0.00
Body armor fund	4,019.10	4,019.10	4,019.10	0.00	0.00
Recycling tonnage grant	30,246.76	30,246.76	30,246.76	0.00	0.00
Drunk driving enforcement	15,793.59	15,793.59	15,793.59	0.00	0.00
Bulletproof vest partnership grant	1,622.50	1,622.50	1,622.50	0.00	0.00
NJ forest service:					
Green community grant	3,000.00	3,000.00	3,000.00	0.00	0.00
	<u>\$26,263.81</u>	<u>\$26,263.81</u>	<u>809,226.89</u>	<u>17,036.92</u>	<u>0.00</u>
Total operations excluded from "CAP"					

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered	Reserved	
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
<i>Detail:</i>						
Salaries and wages	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other expenses	826,263.81	826,263.81	809,226.89	0.00	17,036.92	0.00
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP"</u>						
Capital improvement fund	6,000.00	6,000.00	6,000.00	0.00	0.00	0.00
Total capital improvements excluded from "CAP"	6,000.00	6,000.00	6,000.00	0.00	0.00	0.00
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAP"</u>						
Payment of bond principal	335,000.00	335,000.00	335,000.00	0.00	0.00	0.00
Payment of bond anticipation note principal	9,637.00	9,637.00	9,637.00	0.00	0.00	0.00
Interest on bonds	284,325.63	284,325.63	284,325.63	0.00	0.00	0.00
Interest on notes	17,660.95	17,860.96	17,860.96	0.00	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	0.00
Total municipal debt service - excluded from "CAP"	652,359.98	652,559.99	652,559.99	0.00	0.00	0.00

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid Or Charged	Encumbered Reserved	
<u>DEFERRED CHARGES</u>					
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"	1,497,623.79	1,497,823.80	1,480,786.88	0.00	0.00
Subtotal general appropriations	10,812,744.28	10,812,744.28	10,220,620.61	58,504.32	158,850.55
Reserve for uncollected taxes	221,149.61	221,149.61	221,149.61	0.00	0.00
Total general appropriations	\$ 11,033,893.89	\$ 11,033,893.89	\$ 10,441,770.22	\$ 58,504.32	\$ 158,850.55
			A-3	A	A-1
Budget					
Budget appropriations added by NJS 40A:4-87		\$ 11,016,584.83			
		17,309.06			
		\$ 11,033,893.89			

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
For the Year Ended December 31, 2010

	<u>Ref.</u>		
Paid or charged:			
Federal and state grants	A-14	\$	133,640.66
Reserve for uncollected taxes	A-2		221,149.61
Deferred charges - special emergency:			
Special emergency appropriations			13,000.00
Deferred charges - overexpenditure of appropriation reserves	A		898.49
Cash disbursed	A-4		<u>10,073,081.46</u>
		\$	<u><u>10,441,770.22</u></u>
	Ref.		A-3

**TRUST FUND**

TOWNSHIP OF FRANKLIN  
TRUST FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009

ASSETS		Balance December 31, 2010	Balance December 31, 2009	Ref.	Balance December 31, 2010	Balance December 31, 2009
Dog license fund:						
Cash - chief financial officer		\$ 58,893.46	\$ 36,500.57	B-1	\$ 15,730.47	\$ 0.00
Amount due from current fund		0.00	2,482.42	A	11.40	4.80
Cash - change fund		100.00	100.00		43,261.59	39,078.19
		<u>58,993.46</u>	<u>39,082.99</u>		<u>58,993.46</u>	<u>39,082.99</u>
Other funds:						
Cash - chief financial officer		694,770.75	931,989.73	B-1	46,706.63	257.95
Cash - tax collector		204,722.37	201,909.92	B-2	10,212.99	11,655.93
Escrow receivable		1,236.88	1,236.88		64,888.13	45,868.01
Due from contractors		35.72	35.72		139,800.00	156,000.00
Due from current fund		4,063.35	3,593.21	A	2,493.00	2,493.00
		<u>904,829.07</u>	<u>1,138,765.46</u>		<u>36,000.00</u>	<u>32,000.00</u>
Other funds:						
Amount due to current fund				A	548.00	35.90
Encumbrances - general escrow funds					2,176.53	2,269.89
Deposits for redemption of tax title liens				B-4	4,000.00	4,000.00
Tax sale premiums				B-5	38,580.13	2,000.00
Reserve for:					106,828.00	187,757.00
Historical society				B-6	241,992.34	249,213.06
Senior citizens					21,262.22	15,590.77
Public defender					5,304.75	5,304.75
Train station					8,802.93	12,897.71
Firemen's park					0.00	247,639.20
Ambulance corps					232.30	282.12
Municipal open space					11,001.85	7,164.01
Site plan review escrow					138,707.70	132,674.57
Recreation commission					12,643.40	15,506.32
DARE program					3,213.13	3,213.13
Police overtime					30.00	30.00
Recreation facilities					330.00	0.00
P.O.A. - parking fines					3,224.59	2,174.59
Police forfeited and seized funds					2,659.32	2,659.32
Performance bond					191.23	118.23
Police canine unit					904,829.07	1,138,765.46
Community policing						
Community fund						
Flags and videos						
Dedicated penalties - bureau of fire prevention						
Teen volunteer						
Municipal alliance for drug and alcohol abuse						
		<u>963,822.53</u>	<u>1,177,848.45</u>		<u>963,822.53</u>	<u>1,177,848.45</u>
Total all funds						

LIABILITIES AND RESERVES

Dog license fund:						
Amount due to current fund				A	\$ 15,730.47	\$ 0.00
Due to State of New Jersey					11.40	4.80
Reserve for dog fund expenditures				B-3	43,261.59	39,078.19
					<u>58,993.46</u>	<u>39,082.99</u>
Other funds:						
Amount due to current fund				A	46,706.63	257.95
Encumbrances - general escrow funds					10,212.99	11,655.93
Deposits for redemption of tax title liens				B-4	64,888.13	45,868.01
Tax sale premiums				B-5	139,800.00	156,000.00
Reserve for:					2,493.00	2,493.00
Historical society					36,000.00	32,000.00
Senior citizens					548.00	35.90
Public defender					2,176.53	2,269.89
Train station					4,000.00	4,000.00
Firemen's park					38,580.13	2,000.00
Ambulance corps					106,828.00	187,757.00
Municipal open space				B-6	241,992.34	249,213.06
Site plan review escrow					21,262.22	15,590.77
Recreation commission					5,304.75	5,304.75
DARE program					8,802.93	12,897.71
Police overtime					0.00	247,639.20
Recreation facilities					232.30	282.12
P.O.A. - parking fines					11,001.85	7,164.01
Police forfeited and seized funds					138,707.70	132,674.57
Performance bond					12,643.40	15,506.32
Police canine unit					3,213.13	3,213.13
Community policing					30.00	30.00
Community fund					330.00	0.00
Flags and videos					3,224.59	2,174.59
Dedicated penalties - bureau of fire prevention					2,659.32	2,659.32
Teen volunteer					191.23	118.23
Municipal alliance for drug and alcohol abuse					904,829.07	1,138,765.46
		<u>963,822.53</u>	<u>1,177,848.45</u>		<u>963,822.53</u>	<u>1,177,848.45</u>
Total all funds						

**GENERAL CAPITAL FUND**

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	Ref.	Balance December 31, 2010	Balance December 31, 2009
<b><u>ASSETS</u></b>			
Cash - chief financial officer	C-2	\$ 475,116.69	\$ 182,776.69
State grants receivable		300,594.83	758,000.00
Miscellaneous accounts receivable		6,931.90	6,931.90
Deferred charges to future taxation:			
Funded		6,362,213.81	6,702,033.51
Unfunded	C-4	1,493,400.00	1,503,037.00
		<u>\$ 8,638,257.23</u>	<u>\$ 9,152,779.10</u>
<b><u>LIABILITIES, RESERVES, AND FUND BALANCE</u></b>			
Bond anticipation notes payable	C-7	\$ 724,365.00	\$ 734,002.00
Serial bonds payable	C-8	6,320,000.00	6,655,000.00
Green acres loan payable	C-9	42,213.81	47,033.51
Due to current fund	A	283.00	0.00
Improvement authorizations:			
Funded	C-6	800,845.03	883,778.06
Unfunded	C-6	467,588.63	470,195.90
Contracts payable		146,090.01	231,897.88
Capital improvement fund	C-5	131,015.00	125,015.00
Fund balance	C-1	5,856.75	5,856.75
		<u>\$ 8,638,257.23</u>	<u>\$ 9,152,779.10</u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009	C	\$ <u>5,856.75</u>
Balance - December 31, 2010	C	\$ <u><u>5,856.75</u></u>

**CONSOLIDATED WATER AND SEWER UTILITY FUND**

**\*\*NOT APPLICABLE\*\***

**PUBLIC ASSISTANCE TRUST FUND**

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**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE TRUST FUND  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	<u>Ref.</u>	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2009</u>
<b><u>ASSETS</u></b>			
Cash	E-1	\$ 3,209.20	\$ 3,209.20
Due to current fund	A	0.24	0.24
		<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>

**PAYROLL ACCOUNT**

**TOWNSHIP OF FRANKLIN  
PAYROLL ACCOUNT  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	Ref.	Balance December 31, 2010	Balance December 31, 2009
<u>ASSETS</u>			
Cash - chief financial officer		\$ 41,897.80	\$ 41,358.71
Due from current fund	A	86.87	0.00
		<u>\$ 41,984.67</u>	<u>\$ 41,358.71</u>
<u>LIABILITIES</u>			
Payroll taxes payable	F-1	\$ 41,984.67	\$ 41,315.82
Due to current fund	A	0.00	42.89
		<u>\$ 41,984.67</u>	<u>\$ 41,358.71</u>

**BOND AND INTEREST ACCOUNT**

**\*\*NOT APPLICABLE\*\***

**GENERAL FIXED ASSETS**

**TOWNSHIP OF FRANKLIN  
GENERAL FIXED ASSETS  
COMPARATIVE BALANCE SHEETS  
December 31, 2010 and 2009**

	<u>Balance December 31, 2010</u>	<u>Balance December 31, 2009</u>
General fixed assets:		
Land	\$ 3,020,180.00	\$ 2,811,180.00
Buildings	3,826,120.00	3,845,020.00
Other improvements	79,132.00	79,132.00
Vehicles	3,952,610.00	5,499,545.97
Machinery and equipment	<u>1,692,550.42</u>	<u>2,010,073.42</u>
Total general fixed assets	<u>\$ 12,570,592.42</u>	<u>\$ 14,244,951.39</u>
Investment in general fixed assets	<u>\$ 12,570,592.42</u>	<u>\$ 14,244,951.39</u>

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

**A. Reporting Entity**

The Township is located in the County of Gloucester, State of New Jersey. The governing body, the Township Committee, is comprised of five elected members who serve three-year terms.

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.

**B. Description of Funds and Account Groups**

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.

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

**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.

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

**C. Basis of Accounting**

A modified accrual basis of accounting is followed. The more significant accounting principles are as follows:

TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

**Revenues** - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Other 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 conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as cash liability in the financial statements as encumbrances payable. 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 and utility 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.

**Insurance** - Costs 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.

**Accrued Sick and Vacation Time** - The Township allows employees to accrue vacation time. By contract and personnel policy employees may accrue sick time. The Township's payroll records do provide data on the number of hours accumulated. This amount is not reported as either an expenditure or liability.

**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.

TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

**General Fixed Assets** - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system.

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available, in accordance with the State of New Jersey's Technical Accounting Directive 85-2.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in 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.

**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.

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

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

**School Taxes** - The municipality is responsible for levying, collecting, and remitting school taxes for the Township of Franklin School District and 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 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.

**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.

**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.

**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 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.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

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

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

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.

**D. 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.

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and certificates of deposit.

Investments are stated at cost or amortized cost, which approximates market.

**Deposits**

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds, under the Governmental Unit Deposit Protection Act (G.U.D.P.A.) N.J.S.A. 17:9-41, that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

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

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Although the pledged securities are not in the name of the municipality, the deposits are deemed collateralized under New Jersey law, and certificates of eligibility are issued every six months by the public depository under the provisions of G.U.D.P.A.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Investments**

Securities which may be purchased by local units:

When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use monies, which may be in hand, for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. The underlying securities are permitted investments pursuant to paragraphs 1 and 3 of this subsection a;
  - b. The custody of collateral is transferred to a third party;
  - c. The maturity of the agreement is not more than 30 days;
  - d. The underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970, c. 236 (C:17:9-41); and
  - e. A master repurchase agreement providing for the custody and security of collateral is executed.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Concluded)**

The Township is permitted by N.J.S.A. 40:5-15.1 to invest monies in the following types of securities if suitable for registry: (a) bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; (b) bond of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates, or any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase; (c) bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; and (d) bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury.

The bank balances of the Township's cash and investments at December 31, 2010 are:

Savings and checking accounts:	
F.D.I.C. insured	\$ 482,722.00
G.U.D.P.A. insured	<u>2,820,835.86</u>
Total	<u>\$ 3,303,557.86</u>

For the year ended December 31, 2010, the carrying amount of the Township's cash and cash equivalents was \$3,108,697.35.

TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010

**NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2010:

Due From	Due To					Total Due From
	Current Fund	Trust Fund Other	Public Assistance Fund	Payroll Fund		
Current fund	\$ 0.00	\$ 4,063.35	\$ 0.24	\$ 86.87	\$	4,150.46
State and federal grant fund	90,933.37	0.00	0.00	0.00		90,933.37
Dog license trust fund	15,720.47	0.00	0.00	0.00		15,720.47
Other trust fund	46,706.63	0.00	0.00	0.00		46,706.63
General capital fund	283.00	0.00	0.00	0.00		283.00
Total due to	\$ 153,643.47	\$ 4,063.35	\$ 0.24	\$ 86.87	\$	\$ 157,793.93

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 4 - FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2010:

	Balance December 31, 2009	Additions	Deletions	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
Machinery and Equipment	2,010,073.42	-	317,523.00	1,692,550.42
Other Improvements	79,132.00	-	-	79,132.00
Vehicles	5,499,545.97	-	1,546,935.97	3,952,610.00
	<u>\$ 14,244,951.39</u>	<u>\$ 209,000.00</u>	<u>\$ 1,883,358.97</u>	<u>\$ 12,570,592.42</u>

**NOTE 5 - FUND BALANCES APPROPRIATED**

\$399,000.00 of the \$386,097.22 Current Fund balance at December 31, 2010, was appropriated and included as anticipated revenue in the approved budget for the year ending December 31, 2011. The utilized amount of \$399,000.00 was based on the unaudited December 31, 2010 balance sheet.

**NOTE 6 - TAXES COLLECTED IN ADVANCE**

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

	Balance December 31, 2010	Balance December 31, 2009
Prepaid Taxes	<u>\$ 348,605.48</u>	<u>\$ 369,616.02</u>

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 7 - LONG-TERM DEBT**

**Summary of Municipal Debt Service**

During the calendar year 2010, the following changes occurred in the municipal debt of the Township:

	<u>Balance December 31, 2009</u>	<u>Issued/ Authorized</u>	<u>Retired/ Reduction</u>	<u>Balance December 31, 2010</u>
<b><u>ISSUED</u></b>				
General Fund:				
Serial Bonds	\$ 6,655,000.00	\$ -	\$ 335,000.00	\$ 6,320,000.00
Bond Anticipation Notes	734,002.00	-	9,637.00	724,365.00
Green Acres Loan Payable	47,033.51	-	4,819.70	42,213.81
<b><u>AUTHORIZED BUT NOT ISSUED</u></b>				
General Fund	<u>769,035.00</u>	<u>-</u>	<u>-</u>	<u>769,035.00</u>
	<u>\$ 8,205,070.51</u>	<u>\$ -</u>	<u>\$ 349,456.70</u>	<u>\$ 7,855,613.81</u>

Permanently funded debt as of December 31, 2010, consists of general obligation serial bonds as follows:

<u>Date Of Issue</u>	<u>Purpose</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:				
05-01-02	General Obligation Bonds	2010 to 2021	Various	\$ 6,320,000.00
12-21-98	Green Acres Loan Payable	2010 to 2018	2.00%	42,213.81
				<u>\$ 6,362,213.81</u>

As of December 31, 2010, debt service requirements on long-term debt in future years are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 359,916.58	\$ 270,914.20	\$ 630,830.78
2012	375,015.41	255,662.24	630,677.65
2013	420,116.22	239,570.81	659,687.03
2014	465,219.05	221,421.10	686,640.15
2015	515,323.95	201,118.70	716,442.65
2016-2021	<u>4,266,622.60</u>	<u>626,983.48</u>	<u>4,893,606.08</u>
	<u>\$ 6,362,213.81</u>	<u>\$ 1,815,670.52</u>	<u>\$ 8,177,884.33</u>

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 7 - LONG-TERM DEBT (Concluded)**

Temporarily unfunded debt as of December 31, 2010, consists of the following:

	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	Acquisition of Three Replacement Trash Trucks	1.75%	\$ 351,965.00
General Capital Fund	Testing Neighborhood Wells and Cleanup Gasoline and Hydraulic Fluid at PWF	1.75%	<u>372,400.00</u>
			<u>\$ 724,365.00</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of \$7,855,613.81.

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Local School District Debt	\$ 516,200.00	\$ 516,200.00	\$ -
Regional High School District Debt	3,732,943.87	3,732,943.87	-
General Debt	<u>7,855,613.81</u>	<u>-</u>	<u>7,855,613.81</u>
	<u>\$ 12,104,757.68</u>	<u>\$ 4,249,143.87</u>	<u>\$ 7,855,613.81</u>

Net Debt \$7,855,613.81 divided by Equalized Valuation Basis per N.J.S. 40A:2-2, \$1,482,439,241.33 = 0.53%.

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

3-1/2% Of Equalized Valuation Basis (Municipal)	\$ 51,885,373.45
Net Debt	<u>7,855,613.81</u>
Remaining Borrowing Power	<u>\$ 44,029,759.64</u>

The above information is in agreement with the 2010 Annual Debt Statement filed with the Division of Local Government Services.

**NOTE 8 - OPERATING LEASES**

The Township currently has operating leases as follows:

<u>Leasing Company/Equipment Leases</u>	<u>Date Of Lease</u>	<u>Term Of Lease</u>	<u>Monthly/Annual Payment</u>
Hassler Financial Services, LLC - Postage Machine	11/23/09	63 Months	\$ 417.00

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 8 - OPERATING LEASES (Concluded)**

<u>Leasing Company/Equipment Leases</u>	<u>Date Of Lease</u>	<u>Term Of Lease</u>	<u>Monthly/Annual Payment</u>
Canob Business Solutions - Copier	05/27/07	60 Months	\$ 423.93
Canob Business Solutions - Copier	05/29/07	60 Months	462.40
GE Capital Solutions - Copier	04/08/08	63 Months	1,415.00
Ford Motor Credit - Police Cars	05/30/08	4 Years	11,467.76
Ford Motor Credit - Police Cars	07/27/09	4 Years	12,469.30

**NOTE 9 - PENSION COSTS**

**Description**

Those municipal employees who are eligible for pension coverage are enrolled in one of the three multi-employer pension systems administered by the State of New Jersey. The Board of Trustees for the Pension System is responsible for the organization and administration of the System. According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

The three Municipal State administered pension funds are the Police and Firemen's Retirement System, the Public Employees' Retirement System, and the Consolidated Police and Firemen's Retirement System. The Division of Pension charges units for their respective contributions. The Township municipal employees contribute to either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS).

The Pension Systems are cost-sharing multiple employer contributory defined benefit plans. The System's designated purpose is to provide retirement, death, disability, and medical benefits for qualified retirees and other benefits to its members. Membership in the System 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.

**Contributions Required and Made**

The Township was required to contribute to the state pension plans, on an annual basis, as follows:

	<u>2010</u>	<u>2009</u>
Township contribution:		
Public Employees' Retirement System (PERS)	\$ 227,174.00	\$ 121,858.11
Police and Firemen's Retirement System (PFRS)	\$ 547,337.00	\$ 268,315.00

*Public Employees' Retirement System*

Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost for medical premiums after retirement for qualified retirees, and noncontributory death. Members contribute at a uniform rate of 5.5% of annual covered salary.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 9 - PENSION COSTS (Continued)**

**Contributions Required and Made (Concluded)**

*Police and Firemen's Retirement System*

The contribution policy is set by N.J.S.A. 43:16A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Members contribute at a uniform rate of base salary. Plan member and employer contributions may be amended by State of New Jersey legislation. Employees are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits.

**Trend Information**

Ten-year historical trend information presenting the PERS and PFRS progress in accumulating sufficient assets to pay benefits as they come due is available from the New Jersey Division of Pensions and Benefits.

**Vesting and Benefit Provisions**

*Public Employees' Retirement System*

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death, and disability benefits as well as medical benefits for certain qualified members. All benefits vest after 8 to 10 years of service, except for medical benefits which vest after 25 years of service. Retirement benefits for age and service are available at age 60 or at age 55 with 25 years of service and are generally determined to be based on the final average salary for each year of service credit as defined. Final average salary equals the average salary for the final 3 years of service prior to retirement (or highest 3 year's compensation if other than the final 3 years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving 8 to 10 years of service in which case benefits would begin the first day of the month after the members attains normal retirement age.

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service as defined or under the disability provisions of the System.

Members are always fully vested for their own contributions and after 3 years of service credit becomes vested for 2% of related interest earned on the contributions. In the case of death before retirement members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60 percent of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60 percent factor as developed and results in the dollar amount of the adjustment payable. Retiree members become eligible for pension adjustment benefits after 24 months of retirement.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 9 - PENSION COSTS (Concluded)**

**Vesting and Benefit Provisions (Concluded)**

*Police and Firemen's Retirement System*

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The system provides retirement as well as death and disability benefits. All benefits vest after 10 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2.00% of final average compensation for each year of creditable service as defined up to 30 years plus 1.00% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final 3 years of service prior to retirement (or highest 3 years' compensation if other than the final 3 years). Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving 10 years of service in which case benefits would begin at age 55 equal to 2.00% of final average compensation up to 30 years plus 1.00% for each year of service in excess of 30.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's average final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.00.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60 percent of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60 percent factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

**Post-Retirement Medical Benefits**

Chapter 383 of Public Laws 1987 and Chapter 6 of Public Laws 1990 requires the PERS, to fund post-retirement medical benefits for those employees, covered by the State plan, who retire after reaching age 55 and accumulating 25 years of credited service. The cost of these benefits is actuarially determined and funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding for the post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1996 which increased the medical reserve by ½ of 1% of payroll.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 10 - ACCRUED SICK AND VACATION TIME**

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.

The amount of accrual for compensated absences as of December 31, 2010 is as follows:

	Employees Accrual	Township Share Of Payroll Taxes
Vacation time/sick time	\$ 1,366,996.03	\$ 104,575.20

This liability has not been recorded on the financial statements. Actual payment and funding for compensated absences occurs through budget appropriation in the annual operating budget and only during the year the employee terminates or retires (pay-as-you-go basis).

**NOTE 11 - DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries; and are held in a custodial account as described in IRC Section 457(g). Such amounts are part of a common fund held with the assets of other Section 457 plans.

All assets of the plan are held by two independent administrators, Nationwide Retirement Solutions, Inc. and Valic. The deferred compensation investment fund balance as of December 31, 2010, was \$977,925.83 for Nationwide Retirement Solutions, Inc. Valic would not provide a statement to the Township.

**NOTE 12 - SCHOOL TAXES**

School taxes are raised on a calendar year basis for both the local and regional high school districts; therefore, school taxes cannot and have not been deferred as of December 31, 2010.

**TOWNSHIP OF FRANKLIN  
COUNTY OF GLOUCESTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2010**

**NOTE 13 - 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.

The Township Committee has elected to obtain the required insurance through the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund. The membership enables them to share their liability with the other members and to realize a savings in their premiums. The insurance fund also offers the Township guidance in safety practices and requires the formation of a safety committee. Through this, the Township has installed new safety practices and is rewarded financially by the JIF for these safety practices.

**NOTE 14 - LITIGATION**

There are various claims and lawsuits pending against the Township. In the opinion Township's management, after consultation with legal counsel, the potential losses would have no adverse effect on the Township's financial position in the future. However, it should be noted that one specific lawsuit arising out of the discovery that a property that had been sold through the tax foreclosure process was contaminated with elemental mercury and that subsequently, children were exposed when the property was converted to a daycare center. The primary relief sought in the class action is the creation of a pool of money to fund medical monitoring of individuals who were exposed to the mercury. There is also a claim for an award of attorney's fees and costs. In counsel's opinion, there is a dispute as to the issue of how much coverage exists through insurance and thus no opinion on potential exposure to the Township can be made; nonetheless, counsel feels that the Township's defenses are strong as to remaining amount of insurance coverage as the potential impact will not materially impact the Township's financial position.

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 11, 2011, which is the date that the financial statements were available to be issued.

## SUPPLEMENTARY DATA

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**TOWNSHIP OF FRANKLIN**  
**For the Years Ended December 31, 2010 and 2009**

**Comparative Statements of Operations and Changes in Fund Balances - Current Fund**

	Year 2010		Year 2009	
	Amount	%	Amount	%
Revenues and other income realized:				
Fund balances utilized	\$ 1,000,000.00	2.53%	\$ 875,900.15	2.25%
Miscellaneous - from other than local property tax levies	3,353,272.50	8.48%	3,807,284.63	9.78%
Collection of delinquent taxes and tax title liens	129,865.16	0.33%	154,044.98	0.40%
Collection of current tax levy	35,018,856.70	88.60%	34,058,678.91	87.47%
Interfund loans cleared	22,554.62	0.06%	40,965.97	0.11%
Total income	<u>39,524,548.98</u>	<u>100.00%</u>	<u>38,936,874.64</u>	<u>100.00%</u>
Expenditures:				
Budget expenditures:				
Municipal purposes	10,653,893.73	27.06%	10,645,952.30	27.80%
County taxes	8,257,479.26	20.97%	8,537,733.60	22.29%
School taxes	18,267,249.77	46.39%	17,364,737.88	45.35%
Special district taxes	1,805,103.21	4.58%	1,736,021.66	4.53%
Interfund loans made	153,385.52	0.39%	300.84	0.00%
Other expenditures	236,776.84	0.60%	9,835.05	0.03%
Total expenditures	<u>39,373,888.33</u>	<u>100.00%</u>	<u>38,294,581.33</u>	<u>100.00%</u>
Less: expenditures to be raised by future taxes	<u>0.00</u>		<u>898.49</u>	
Total adjusted expenditures	<u>39,373,888.33</u>		<u>38,293,682.84</u>	
Excess in revenues	150,660.65		643,191.80	
Fund balance - January 1	<u>1,235,436.57</u>		<u>1,468,144.92</u>	
	1,386,097.22		2,111,336.72	
Less: utilization as anticipated revenue	<u>1,000,000.00</u>		<u>875,900.15</u>	
Fund balance - December 31	<u>\$ 386,097.22</u>		<u>\$ 1,235,436.57</u>	

**TOWNSHIP OF FRANKLIN**

**Comparison of Tax Rate Information**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Tax Rate	\$ <u>4.145</u>	\$ <u>4.034</u>	\$ <u>3.980</u>
Apportionate of Tax Rate:			
Municipal	\$ .859	\$ .810	\$ .767
County	1.018	1.054	1.058
Local School	1.048	1.014	1.014
Regional High School	1.210	1.146	1.131
Municipal Open Space	.010	.010	.010

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

Franklinville	\$ .236	\$ .235	\$ .228
Malaga	.213	.204	.201
Janvier	.171	.161	.132
Forest Grove	.250	.240	.240
Star Cross	.177	.170	.167

**Assessed Valuation:**

2010	\$ 808,899,239.00		
2009		\$ 804,207,760.00	
2008			\$ 785,370,751.00

**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>
2010	\$ 35,348,588.94	\$ 35,018,856.70	99.07%
2009	\$ 34,282,999.00	\$ 34,058,678.91	99.35%
2008	\$ 33,364,540.86	\$ 33,217,524.14	99.56%

**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>
2010	\$ 353,870.42	\$ 913.88	\$ 354,784.30	1.00%
2009	\$ 128,696.56	\$ 9,891.68	\$ 138,588.24	0.40%
2008	\$ 182,609.61	\$ 21,271.90	\$ 203,881.51	0.61%

**TOWNSHIP OF FRANKLIN**

**Property Acquired by Tax Title Lien Liquidation**

Properties were acquired in 2010 by foreclosure or liquidation of tax title liens.

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

Year	Amount
2010	\$ 5,454,458.87
2009	\$ 5,444,658.87
2008	\$ 5,142,158.87

**Comparative Schedule of Fund Balance**

	Year	December 31	Utilized In Approved Budget Of Succeeding Year
Current Fund:	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
	2006	\$ 2,368,691.78	\$ 1,482,121.89

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

**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	Committeewoman
Harold Atkinson	Committeeman
Francis Ciancaglini	Committeeman
Frances Carder	Chief Financial Officer
Lawrence Nightlinger, Jr.	Tax Collector
	Tax Search Officer
Steven Rickershauser	Construction Code Official
	Building and Fire Sub-Code Official
Nancy Kennedy Brent	Magistrate (From 8/10/10)
Thomas North	Magistrate (To 8/10/10)
Wendy Seitz	Administrative Court Clerk
Tracy Bleda	Deputy Court Clerk
Carolyn Toy	Township Clerk
	Registrar of Vital Statistics
	Secretary to Board of Health
	Improvement Search Officer
Michael DiGiorgio	Township Administrator
Anthony Baldosaro	Uniform Fire Code Official
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.

**CURRENT FUND**

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

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TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010

	<u>Ref.</u>	\$
Balance - December 31, 2009	A	2,350,300.29
Increased by:		
Tax collector	A-5	35,033,143.03
Interest on investments and deposits	A-2	15,723.82
Due to State of New Jersey - construction fees		14,497.00
Miscellaneous revenue not anticipated	A-2	416,762.07
Revenue accounts receivable	A-8	2,481,420.23
State of New Jersey - statutory deduction		222,799.25
Amount due from dog license trust fund		1,486.92
Amount due to trust fund - other		82,358.89
Amount due to general capital fund		200,000.00
Technology grant	A	66.88
Garden state trust PILOT		5,548.00
Deposits for land sale	A	42,045.00
Due from Franklin Township library	Contra	200,892.45
Budget appropriations reimbursed	Contra	248,566.08
State grants receivable	A-12	111,741.84
		<u>39,077,051.46</u>
		41,427,351.75
Decreased by:		
2010 budget appropriations	A-3	10,073,081.46
2009 appropriation reserves	A-9	253,901.81

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010

	Ref.	
Decreased by (concluded):		
Emergency notes payable		\$ 13,000.00
Due to State of New Jersey - construction fees		16,925.00
Refund tax overpayments		24,350.89
Amount due to trust fund - other		122,491.66
Accounts payable	A	29,500.00
Amount due to general capital fund		200,000.00
Local district school tax	A-10	8,473,873.00
Regional school district tax	A-11	10,007,558.99
County taxes		8,226,412.65
Amount due county for added taxes	A	72,428.97
Fire district taxes		1,723,923.00
Due from Franklin Township library	Contra	200,892.45
Budget appropriations reimbursed	Contra	248,566.08
Technology grant		14,442.34
State and federal grant prior year encumbrances		1,262.52
Reserve for state grants	A-14	160,295.23
		\$ 39,862,906.05
Balance - December 31, 2010	A	\$ 1,564,445.70
Breakdown of balance:		
Current fund		\$ 1,491,009.95
Comcast technology account		88.20
State and federal grant account		73,347.55
		\$ 1,564,445.70

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR  
For the Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance - December 31, 2009	A		\$ 23,638.22
Increased by:			
Interest and cost on taxes	A-2	\$ 140,499.13	
Non-budget revenues	A-2	4,490.00	
Taxes receivable	A-6	34,441,768.93	
Tax title liens receivable	A-7	111,596.70	
Revenue accounts receivable	A-8	19,265.34	
Tax sale premium	Contra	74,700.00	
Taxes collected in advance		335,216.98	
Cleanup charges receivable	A-2	22,511.73	
Tax overpayments		<u>35,860.53</u>	
			<u>35,185,909.34</u>
			35,209,547.56
Decreased by:			
Payments to chief financial officer	A-4	35,033,143.03	
Payments to tax sale premium trust fund	Contra	74,700.00	
Payments to municipal open space trust fund	B-1	<u>80,889.92</u>	
			<u>35,188,732.95</u>
Balance - December 31, 2010	A		<u>\$ 20,814.61</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
For the Year Ended December 31, 2010

Year	Balance December 31, 2009	Levy	Added Taxes	Collections		Due From State Of New Jersey	Adjustments Add/Dr Canceled	Transferred To Property Acquired for Taxes	Transferred To Tax Title Liens	Balance December 31, 2010
				2009	2010					
2004	\$ 2.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2.65	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
2005	247.55	0.00	0.00	0.00	247.55	0.00	0.00	0.00	0.00	0.00
2006	188.73	0.00	0.00	0.00	188.42	0.00	0.00	0.00	3.18	0.13
2009	2,452.75	0.00	20,522.26	0.00	17,833.84	0.00	6,910.91	0.00	5,217.63	13.63
2010	9,891.68	0.00	20,522.26	0.00	18,268.46	0.00	6,910.91	0.00	5,220.81	13.76
	0.00	35,348,588.94	0.00	34,441,568.94		225,740.21	71,130.60	0.00	257,701.52	900.12
	\$ 9,891.68	\$ 35,348,588.94	\$ 20,522.26	\$ 34,441,568.94	\$ 34,441,568.94	\$ 225,740.21	\$ 78,041.51	\$ 0.00	\$ 262,922.33	\$ 913.88

Ref. A

Ref.

A

A-7

Chieft receipts - tax collector

Analysis of 2010 property tax levy:

General property tax	\$ 33,535,443.18
Special district tax	1,723,923.00
Added and rollback taxes (\$4,4-63,1 at set.)	99,222.76
	<u>\$ 35,348,588.94</u>

Tax levy:

Local district school tax	\$ 8,478,878.50
Regional high school district tax	9,188,371.27
County tax	\$ 8,227,748.36
Due county for added taxes	29,730.90
	<u>80,889.92</u>
Total county taxes	290.29
Due municipal open space for added taxes	81,180.21
Total municipal open space taxes	6,951,655.84
Local tax for municipal purposes levied	67,100.86
Add: additional tax levied	
Local tax for municipal purposes levied	<u>7,018,756.70</u>
	<u>\$ 35,348,588.94</u>

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
For the Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance - December 31, 2009	A		\$ 175,843.88
Increased by:			
Transfers from taxes receivable	A-6	\$ 262,922.33	
Foreclosure fees		9,640.00	
Interest and cost on tax sale		<u>18,050.81</u>	
			<u>290,613.14</u>
			466,457.02
Decreased by:			
Cash collected	A-5	111,596.70	
Transfer to property acquired for taxes		<u>989.90</u>	
			<u>112,586.60</u>
Balance - December 31, 2010	A		<u><u>\$ 353,870.42</u></u>

TOWNSHIP OF FRANKLIN  
 CURRENT FUND  
 SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
 For the Year Ended December 31, 2010

	Balance December 31, 2009	Accrued In 2010	Collections		Balance December 31, 2010
			Chief Financial Officer	Collector	
\$	0.00	\$ 7,153.68	\$ 7,153.68	\$ 0.00	\$ 0.00
Alcoholic beverages	0.00	1,660.00	1,660.00	0.00	0.00
Other	0.00	7,192.00	7,192.00	0.00	0.00
Fees and permits					
Health officer:					
Other licenses	0.00	1,250.00	1,250.00	0.00	0.00
Registrar of vital statistics:					
Other licenses	0.00	340.00	340.00	0.00	0.00
Fees and permits	0.00	1,790.00	1,790.00	0.00	0.00
Construction code official:					
Fees and permits	52.00	151,452.00	151,452.00	0.00	52.00
Municipal court:					
Fines and costs	22,088.09	321,285.86	327,586.29	0.00	15,787.66
Police chief:					
Fees and permits	0.00	6,850.57	6,850.57	0.00	0.00
Fire safety code official:					
Local registration fees	0.00	8,591.50	8,591.50	0.00	0.00
Life hazard use fees - state	0.00	20,471.38	20,471.38	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, 2010

	Balance December 31, 2009	Accrued In 2010	Collections		Balance December 31, 2010
			Chief Financial Officer	Collector	
Newfield Borough- solid waste	\$ 0.00	\$ 46,149.60	\$ 46,149.60	\$ 0.00	\$ 0.00
Energy receipt tax	0.00	1,315,649.00	1,315,649.00	0.00	0.00
Trailer camp fees	0.00	13,632.88	0.00	13,632.88	0.00
Consolidated municipal property tax relief	0.00	130,507.00	130,507.00	0.00	0.00
Cable television franchise fees	58,472.49	62,502.97	58,472.49	0.00	62,502.97
Proceeds from sale of liquor license	0.00	47,000.00	47,000.00	0.00	0.00
Tax collector - tax search fees	0.00	782.00	0.00	782.00	0.00
Planning board fees	0.00	4,664.00	4,664.00	0.00	0.00
Zoning board fees	0.00	14,064.00	14,064.00	0.00	0.00
Housing inspection fees	0.00	5,470.00	5,470.00	0.00	0.00
Emergency medical service billing	0.00	325,106.72	325,106.72	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>\$ 80,612.58</b>	<b>\$ 2,498,415.62</b>	<b>\$ 2,481,420.23</b>	<b>\$ 19,265.34</b>	<b>\$ 78,342.63</b>

Ref. A

A-4

A-5

A

**TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009  
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Balance After Transfers	Paid or Charged	Lapsed
<b>Salaries and wages:</b>				
Revenue administration (tax collector)	\$ 1,169.07	\$ 1,169.07	\$ 1,169.07	\$ 0.00
Tax assessment administration	1,230.83	1,230.83	1,230.83	0.00
Planning board	2,423.80	2,423.80	2,423.80	0.00
Uniform construction code enforcement	1,955.90	1,955.90	1,955.90	0.00
Police	3,652.87	3,652.87	3,652.87	0.00
Municipal court	1,221.89	1,221.89	1,221.89	0.00
Road repair and maintenance	10,481.38	10,481.38	10,481.38	0.00
Solid waste collection	18,734.02	18,734.02	18,734.02	0.00
Public health services	1,301.31	1,301.31	1,301.31	0.00
<b>Other expenses:</b>				
General administration	421.37	421.37	270.98	150.39
Human resources	3,471.40	3,471.40	3,471.40	0.00
Municipal clerk	3,949.38	3,949.38	3,110.99	838.39
Financial administration	1,092.77	1,092.77	539.73	553.04
Audit services	0.00	950.00	950.00	0.00
Computer data processing	1,263.45	1,263.45	231.35	1,032.10
Revenue administration (tax collector)	12.78	12.78	0.00	12.78
Tax assessment administration	3,548.70	3,548.70	1,839.59	1,709.11
Legal services and costs	25,894.37	32,369.37	32,366.32	3.05
Engineering fees	5,562.55	5,937.55	5,927.25	10.30
Historical sites office	788.97	788.97	0.00	788.97
Planning board	1,956.80	1,956.80	1,670.21	286.59

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009  
For the Year Ended December 31, 2010

	Balance December 31, 2009	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (continued):				
Demolition of buildings	\$ 3,367.42	\$ 3,367.42	\$ 0.00	\$ 3,367.42
Insurance:				
Workmens compensation insurance	1,103.09	1,103.09	0.00	1,103.09
Employee group insurance	12,925.85	7,075.85	1,370.00	5,705.85
Police	8,048.12	8,048.12	7,269.54	778.58
Volunteer ambulance squad	6,470.36	3,470.36	3,131.94	338.42
Uniform fire safety act	440.00	841.95	841.95	0.00
Municipal court	277.68	527.68	525.70	1.98
Road repair and maintenance	2,967.75	4,267.75	4,243.66	24.09
Solid waste collection	3,162.26	3,162.26	1,622.58	1,539.68
Public buildings and grounds	16,472.17	7,947.17	7,324.80	622.37
Community center	965.61	965.61	119.00	846.61
Vehicle maintenance	17,825.16	27,475.16	27,472.63	2.53
Recreational services and programs	4,187.51	2,187.51	0.00	2,187.51
Maintenance of parks	904.84	904.84	46.31	858.53
Utility expenses:				
Electricity	9,523.24	1,837.50	311.37	1,526.13
Street lighting	7,868.93	9,282.39	9,282.39	0.00
Telephone	4,965.41	965.41	646.85	318.56
Gas (natural and propane)	2,393.46	2,393.46	0.00	2,393.46
Fuel oil	18,563.80	18,563.80	9,337.66	9,226.14
Gasoline	14,201.59	14,201.59	7,512.85	6,688.74

TOWNSHIP OF FRANKLIN  
CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2009  
For the Year Ended December 31, 2010

	Balance December 31, 2009	Balance After Transfers	Paid or Charged	Lapsed
Other expenses (concluded):				
Sanitary landfill	\$ 99,318.58	\$ 106,235.35	\$ 106,235.35	\$ 0.00
Uniform construction code enforcement	765.88	835.88	834.85	1.03
Statutory expenditures:				
Contribution to social security system (O.A.S.I.)	32,540.40	32,540.40	32,540.40	0.00
Unemployment compensation Outside "CAPS":	2,044.22	2,044.22	2,044.22	0.00
Other expenses:				
Emergency medical services	13,587.31	16,845.87	16,845.87	0.00
Total	\$ 375,024.25	\$ 375,024.25	\$ 332,108.81	\$ 42,915.44
Ref.	A	A-9		A-1
Analysis of balance:				
Appropriation reserves	\$ 267,140.35			
Reserve for encumbrances	107,883.90			
Cash disbursements	\$ 375,024.25			
Reserves for encumbrances		A-4	\$ 253,901.81	
		A	78,207.00	
			\$ 332,108.81	

TOWNSHIP OF FRANKLIN  
 CURRENT FUND  
 SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES  
 For the Year Ended December 31, 2010

	<u>Ref.</u>	
Balance - December 31, 2009	A	\$ 84,997.48
Increased by:		
Levy for calendar year 2010	A-1	8,478,878.50
		<u>8,563,875.98</u>
Decreased by:		
Payments	A-4	8,473,873.00
		<u>8,473,873.00</u>
Balance - December 31, 2010	A	<u>\$ 90,002.98</u>

**TOWNSHIP OF FRANKLIN**  
**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX**  
**For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009 (prepaid)	A	\$ (0.05)
Increased by:		
Levy for calendar year 2010	A-1	<u>9,788,371.27</u> 9,788,371.22
Decreased by:		
Payments	A-4	<u>10,007,558.99</u>
Balance - December 31, 2010 (prepaid)	A	<u>\$ (219,187.77)</u>

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
For the Year Ended December 31, 2010**

Purpose	Balance		2010		Balance December 31, 2010
	December 31, 2009	Revenue	Received	Revenue	
<b>State grants:</b>					
Clean communities grant	\$ 0.00	\$ 36,105.71	\$ 36,105.71	\$ 0.00	0.00
Municipal alliance for drug and alcohol abuse	6,296.50	22,400.00	21,219.00	7,477.50	7,477.50
Emergency management assistance program	11,763.00	5,000.00	5,000.00	11,763.00	11,763.00
D.V.R.P.C. - farmland preservation plan	1,750.00	0.00	0.00	1,750.00	1,750.00
Department of criminal justice - body armor grant	0.00	4,019.10	1,232.54	2,786.56	2,786.56
Hazardous site remediation grants - Quinn property	12,865.00	0.00	0.00	12,865.00	12,865.00
Department of environmental protection - open space and recreation plan	2,500.00	0.00	0.00	2,500.00	2,500.00
Recycling tonnage grant	0.00	30,246.76	30,246.76	0.00	0.00
Department of environmental protection - watershed grant	2,000.00	0.00	0.00	2,000.00	2,000.00
Drunk driving enforcement fund	0.00	15,793.59	15,793.59	0.00	0.00
Obey the signs or pay the fines	4,000.00	0.00	0.00	4,000.00	4,000.00
Over the limit under arrest	0.00	4,400.00	4,200.00	200.00	200.00
Click it or ticket	8,000.00	0.00	0.00	8,000.00	8,000.00
NJ forest services- green community grant	0.00	3,000.00	0.00	3,000.00	3,000.00

**TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
For the Year Ended December 31, 2010**

Purpose	Balance December 31, 2009	2010 Revenue	Received	Balance December 31, 2010
<b>Federal grants:</b>				
U.S.D.A. - rural development grant	\$ 263,389.22	\$ 0.00	\$ 0.00	\$ 263,389.22
Community development block grant	995.30	0.00	0.00	995.30
COPS- security in schools	28,191.00	0.00	28,191.00	0.00
Bulletproof vest partnership grant	231.00	1,622.50	0.00	1,853.50
	<u>\$ 341,981.02</u>	<u>\$ 122,587.66</u>	<u>\$ 141,988.60</u>	<u>\$ 322,580.08</u>
	Ref. A	A-2	A-4	A
Federal grants	\$ 292,806.52	\$ 1,622.50	\$ 28,191.00	\$ 266,238.02
State grants	49,174.50	118,929.16	111,761.60	56,342.06
Other municipality contribution	0.00	2,036.00	2,036.00	0.00
	<u>\$ 341,981.02</u>	<u>\$ 122,587.66</u>	<u>\$ 141,988.60</u>	<u>\$ 322,580.08</u>
Cash receipts			\$ 66,280.84	
Due from current fund			45,461.00	
Reserve for state and federal grants - unappropriated			<u>30,246.76</u>	
			<u>\$ 141,988.60</u>	

**TOWNSHIP OF FRANKLIN**  
**STATE AND FEDERAL GRANT - UNAPPROPRIATED**  
**SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED**  
**For the Year Ended December 31, 2010**

	Balance December 31, 2009	Receipts	Anticipated In 2010 Budget	Balance December 31, 2010
	\$ 30,246.76	\$ 0.00	\$ 30,246.76	\$ 0.00
	<u>\$ 30,246.76</u>	<u>\$ 0.00</u>	<u>\$ 30,246.76</u>	<u>\$ 0.00</u>
	A	A-4	A-12	A

Ref.

Recycling tonnage grant

TOWNSHIP OF FRANKLIN  
 FEDERAL AND STATE GRANT FUND  
 SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS APPROPRIATED  
 For the Year Ended December 31, 2010

	Balance December 31, 2009	Transferred From 2010 Budget Appropriations	Expended	Balance December 31, 2010
State grants:				
Drunk driving enforcement fund - police	\$ 3,746.38	\$ 15,793.59	\$ 19,539.97	\$ 0.00
Over the limit under arrest	0.00	4,400.00	4,200.00	200.00
NJ forest services- green community grant	0.00	3,000.00	3,000.00	0.00
Clean communities grant	10,659.51	36,105.71	20,717.00	26,048.22
Municipal alliance for drug and alcohol abuse:				
State share	373.22	22,400.00	16,704.08	6,069.14
Municipal share	0.00	11,053.00	11,053.00	0.00
Emergency management fund grant	0.00	5,000.00	5,000.00	0.00
Hazardous site remediation grants:				
Quinn property	24,280.35	0.00	0.00	24,280.35
Alcohol education rehabilitation grant:				
Municipal court - salaries and wages	6.36	0.00	0.00	6.36
Department of criminal justice - body armor grant	79.37	4,019.10	2,944.80	1,153.67
Recycling tonnage grant	12,989.69	30,246.76	10,780.35	32,456.10
Department of environmental protection - municipal storm storm water regulation program	42.10	0.00	0.00	42.10

TOWNSHIP OF FRANKLIN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR STATE AND FEDERAL GRANTS APPROPRIATED  
For the Year Ended December 31, 2010

	Balance December 31, 2009	Transferred From 2010 Budget Appropriations	Expended	Balance December 31, 2010
Federal grants:				
U.S.D.A. - rural development grant	\$ 250,140.55	\$ 0.00	\$ 56,399.00	\$ 193,741.55
Secure our schools	28,191.00	0.00	28,191.00	0.00
Bulletproof vest grant	0.00	1,622.50	0.00	1,622.50
Community development block grant	995.30	0.00	0.00	995.30
	<u>\$ 331,503.83</u>	<u>\$ 133,640.66</u>	<u>\$ 178,529.20</u>	<u>\$ 286,615.29</u>
	Ref. A	A-3		A
Federal grants	\$ 279,326.85	\$ 1,622.50	\$ 84,590.00	\$ 196,359.35
State grants	52,176.98	120,965.16	82,886.20	90,255.94
Municipal funds	0.00	11,053.00	11,053.00	0.00
	<u>\$ 331,503.83</u>	<u>\$ 133,640.66</u>	<u>\$ 178,529.20</u>	<u>\$ 286,615.29</u>
Disbursed- state and federal grant fund		A-4	\$ 132,907.21	
Disbursed - current fund		A-4	27,388.02	
Encumbrances		A	<u>18,233.97</u>	
			<u>\$ 178,529.20</u>	

**TRUST FUND**

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

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010

	Rcf.	Dog License	Other
Balance - December 31, 2009	B	\$ 36,500.57	\$ 931,989.73
Increased by receipts:			
State share of dog license fees		7,407.00	0.00
Dog license fees	B-3	21,103.00	0.00
Kennel license fees	B-3	283.00	0.00
Duplicate dog tag fees	B-3	8.00	0.00
Dog license late fees	B-3	5,537.00	0.00
Public defenders fees		0.00	6,315.00
Parking offenses adjudications act fines		0.00	4.00
Deposits site plan review fees		0.00	107,971.37
Community day proceeds		0.00	46,988.53
Fundraisers and donations		0.00	14,628.00
Deposits for police overtime cost		0.00	219,952.35
Municipal open space tax	A-5	0.00	80,889.92
Performance bonds		0.00	6,033.13
Dedicated penalties - bureau of fire safety		0.00	1,050.00
Forfeited funds		0.00	3,837.84
Ambulance corps funds		0.00	54,626.73
Due from current fund		0.00	3,593.21
Interest earned		270.39	2,306.68
		<u>34,608.39</u>	<u>548,196.76</u>
		71,108.96	1,480,186.49

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010

Ref.	Dog License	Other
	\$ 7,400.40	\$ 0.00
B-3	3,061.00	0.00
	0.00	109,892.27
	0.00	121,506.30
	0.00	246,000.00
	0.00	224,047.13
	0.00	5,800.00
	0.00	13,235.20
	0.00	41,277.08
	0.00	18,046.60
	<u>1,754.10</u>	<u>5,611.16</u>
	\$ 12,215.50	\$ 785,415.74
B	<u>\$ 58,893.46</u>	<u>\$ 694,770.75</u>

Decreased by disbursements:  
 Paid to State of New Jersey  
 Expenditures under R.S. 4:19-15.11  
 Paid to professionals for plan review  
 Municipal open space funds  
 Recreation facilities funds  
 Police overtime expenses  
 Public defender fees  
 Miscellaneous  
 Community day expenses  
 Ambulance corps funds  
 Amount due to current fund

Balance - December 31, 2010

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF CASH - COLLECTOR  
For the Year Ended December 31, 2010

	Ref.		Tax Title Lien Redemption Trust Fund	Tax Premium Trust Fund
Balance - December 31, 2009	B	\$	45,871.62	\$ 156,038.30
Increased by:				
Deposits for redemption of liens	B-4	\$	1,090,270.45	\$ 0.00
Premium received at tax sale	Contra		0.00	74,700.00
Due to tax sale premium account			3,500.00	0.00
Interest on investment			380.33	511.00
			<u>1,094,150.78</u>	<u>75,211.00</u>
			1,140,022.40	231,249.30
Decreased by:				
Redemption of liens	B-4		1,071,250.33	0.00
Due from tax title lien redemption account	Contra		0.00	3,500.00
Refund of premium upon redemption:				
Current year	B-5		0.00	90,900.00
Due to current fund			380.33	518.67
			<u>1,071,630.66</u>	<u>94,918.67</u>
Balance - December 31, 2010	B	\$	<u>68,391.74</u>	<u>\$ 136,330.63</u>

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
For the Year Ended December 31, 2010**

	<u>Ref.</u>			
Balance - December 31, 2009	B		\$	39,078.19
Increased by:				
Dog license fees	B-1	\$		21,103.00
Kennel license fees	B-1			283.00
Duplicate dog license fees	B-1			8.00
Late fees	B-1			5,537.00
				<u>26,931.00</u>
				66,009.19
Decreased by:				
Expenditures under R.S. 4:19-15.11:				
Cash	B-1			3,061.00
Statutory excess due to current fund				19,686.60
				<u>22,747.60</u>
Balance - December 31, 2010	B		\$	<u>43,261.59</u>
<u>License Fees Collected</u>				
		<u>Year</u>		<u>Amount</u>
		2008	\$	19,023.19
		2009		24,238.40
			\$	<u>43,261.59</u>

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009	B	\$ 45,868.01
Increased by:		
Cash receipts	B-2	1,090,270.45
		<u>1,136,138.46</u>
Decreased by:		
Cash disbursements	B-2	1,071,250.33
		<u>1,071,250.33</u>
Balance - December 31, 2010	B	<u>\$ 64,888.13</u>

TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF PREMIUM RECEIVED AT TAX SALE  
For the Year Ended December 31, 2010

	<u>Ref.</u>	
Balance - December 31, 2009	B	\$ 156,000.00
Increased by:		
Premium received at tax sale	B-2	74,700.00
		<u>230,700.00</u>
Decreased by:		
Premium refunded at redemption:		
Current year	B-2	90,900.00
		<u>90,900.00</u>
Balance - December 31, 2010		<u><u>\$ 139,800.00</u></u>

**TOWNSHIP OF FRANKLIN  
TRUST FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009	B	\$ 187,757.00
Increased by:		
2010 municipal tax levy		\$ 80,889.92
Added and omitted taxes		<u>290.29</u>
		<u>81,180.21</u>
		268,937.21
Decreased by:		
Expenditures for open space		<u>162,109.21</u>
Balance - December 31, 2010	B	<u>\$ 106,828.00</u>

**GENERAL CAPITAL FUND**

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

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010**

	<u>Ref.</u>		
Balance - December 31, 2009	C		\$ 182,776.69
Increased by receipts:			
Amount due from current fund	Contra	\$ 200,283.00	
Capital improvement fund	C-5	6,000.00	
Refund of ordinance	C-6	185,921.73	
Improvement authorizations funded:			
Recreation facility trust fund	C-6	246,000.00	
Open space trust fund	C-6	109,000.00	
Amount due from State of New Jersey		<u>457,405.17</u>	
			<u>1,204,609.90</u>
			1,387,386.59
Decreased by disbursements:			
Due to current fund	Contra	200,000.00	
Contracts payable		224,304.39	
Improvement authorizations	C-5	<u>487,965.51</u>	
			<u>912,269.90</u>
Balance - December 31, 2010	C		<u>\$ 475,116.69</u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH  
For the Year Ended December 31, 2010**

		Balance December 31, 2010
Fund balance		\$ 5,856.75
Due from State of New Jersey		(300,594.83)
Miscellaneous accounts receivable		(6,931.90)
Contracts payable		146,090.01
Capital improvement fund		131,015.00
Due current fund		283.00
Improvement authorizations:		
Ordinance		
<u>Date</u>		
6-99	Road resurfacing program	7,855.53
16-02	Public buildings and grounds improvements	29,094.38
16-02	Road reconstruction	1,549.66
16-02	Purchase of ambulance and equipment	179,703.13
16-02	Purchase of motorcycle equipment	324.56
26-02	Infrastructure - Newfield Terrace	11,237.27
15-04	Renovations to Newfield Terrace community center	3,200.00
18-04	Purchase playground equipment	2,612.00
10-05	Park and recreation equipment	5,764.56
07-06	Purchase of DPW equipment	51,515.54
07-06	Purchase of police equipment	63,505.78
07-06	Purchase of office equipment	499.66
09-07	Piney Hollow Road	20.00
13-08	Piney Hollow Road- Phase II	32,427.00
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	112,834.47
17-09	Franklin Forest development improvements	20,040.45
19-09	Weymouth road - section I	56,590.46
15-10	Acquisition of property (George property)	167,771.73
		\$ 475,116.69

Ref.

C

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
 For the Year Ended December 31, 2010

Improvement Description	Ordinance Number	Balance December 31, 2010	Financed By		Analysis Of Balance December 31, 2010	
			Bond Anticipation Notes	Expended	Expended	Uncexpended Improvement Authorization
Acquisition of three replacement trash trucks	25-08	\$ 660,250.00	\$ 351,965.00	\$ 0.00	\$ 0.00	\$ 308,285.00
Testing neighborhood wells and cleanup gasoline and hydraulic fluid at PWF	25-08	372,400.00	372,400.00	0.00	0.00	0.00
Supplemental environmental cleanup	26-08	460,750.00	0.00	315,864.09	144,885.91	
		<u>\$ 1,493,400.00</u>	<u>\$ 724,365.00</u>	<u>\$ 315,864.09</u>	<u>\$ 144,885.91</u>	<u>\$ 453,170.91</u>

**TOWNSHIP OF FRANKLIN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	
Balance - December 31, 2009	C	\$ 125,015.00
Increased by:		
2010 budget appropriation	C-2	<u>6,000.00</u>
Balance - December 31, 2010	C	<u>\$ 131,015.00</u>

TONNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
 For the Year Ended December 31, 2010

No.	Improvement Description	Quantity	Date	Amount		Balance December 31, 2009		2010		Paid Or Charged	Prior period Contract Payable Cancellations	Transfers		Balance December 31, 2010	
				Amount	Ref	Unfin.	Fin.	Unfin.	Fin.			Unfin.	Fin.		
06-09	road resurfacing program	42731999		\$		\$	7,855.53	\$	0.00	\$	0.00	\$	7,855.53	\$	0.00
16-02	Purchase of office equipment	47320002		150,000.00		1,353.65	0.00	0.00	0.00	1,353.65	0.00	0.00	0.00	0.00	0.00
16-02	Public buildings and grounds improvements	47152002		460,000.00		30,159.49	0.00	0.00	0.00	1,205.11	0.00	0.00	29,094.38	0.00	0.00
16-02	Road reconstruction program	47152002		900,000.00		1,549.66	0.00	0.00	0.00	0.00	0.00	0.00	1,549.66	0.00	0.00
16-02	Purchase of maintenance and equipment	47152002		364,000.00		186,703.13	0.00	0.00	0.00	10,000.00	0.00	0.00	179,703.13	0.00	0.00
24-02	Purchase of maintenance and equipment	062312002		10,000.00		324.56	0.00	0.00	0.00	0.00	0.00	0.00	324.56	0.00	0.00
26-02	Infrastructure Newfield Terrace	02312002		55,987.30		11,237.37	0.00	0.00	0.00	0.00	0.00	0.00	11,237.37	0.00	0.00
18-04	Purchase playground equipment	3102004		34,476.00		2,612.00	0.00	0.00	0.00	0.00	0.00	0.00	2,612.00	0.00	0.00
15-04	Reconstrues Newfield Terrace community center	1102004		54,711.00		3,201.00	0.00	0.00	0.00	0.00	0.00	0.00	3,201.00	0.00	0.00
10-08	Park and recreation improvements	42622005		38,691.22		5,764.56	0.00	0.00	0.00	0.00	0.00	0.00	5,764.56	0.00	0.00
07-06	Purchase of JUV equipment	5222006		225,000.00		62,720.54	0.00	0.00	0.00	11,205.00	0.00	0.00	51,515.54	0.00	0.00
07-06	Purchase of police equipment	5222006		180,000.00		64,911.75	0.00	0.00	0.00	1,406.17	0.00	0.00	63,505.78	0.00	0.00
07-06	Purchase of office equipment	5222006		75,000.00		494.66	0.00	0.00	0.00	0.00	0.00	0.00	494.66	0.00	0.00
09-07	Play Hollers Real	3222007		150,000.00		20.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00
13-08	Play Hollows Real - phase II	4272208		14,000.00		32,421.00	0.00	0.00	0.00	0.00	0.00	0.00	32,421.00	0.00	0.00
25-08	Acquisition of replacement trash trucks	6122008		695,000.00		0.00	322,702.72	0.00	0.00	0.00	0.00	0.00	0.00	322,702.72	0.00
26-08	Supplemental environmental cleanup	8202008		485,000.00		0.00	147,483.18	0.00	0.00	2,697.27	0.00	0.00	0.00	144,885.91	0.00
02-00	Pennsylvania Avenue	3102006		214,000.00		20,392.50	0.00	0.00	0.00	6,485.51	0.00	0.00	13,906.99	0.00	0.00
04-09	Newfield Terrace community center	5012009		75,000.00		32,797.77	0.00	0.00	0.00	25,309.32	0.00	0.00	9,488.45	0.00	0.00
13-09	Used reconstruction and resurfacing	8112009		51,121.59		29,871.59	0.00	0.00	0.00	0.00	0.00	0.00	29,871.59	0.00	0.00
13-09	Repeating public works parking lot	9222009		30,252.22		1,021.22	0.00	0.00	0.00	0.00	0.00	0.00	1,021.22	0.00	0.00
15-09	Recreation projects	1022009		210,102.55		190,262.55	0.00	0.00	0.00	27,428.08	0.00	0.00	112,834.47	0.00	0.00
17-09	Franklin Park developers improvements	11102009		21,340.44		20,040.44	0.00	0.00	0.00	0.00	0.00	0.00	20,040.44	0.00	0.00
19-09	Weymouth Road - ast 101	1282009		173,000.00		173,000.00	0.00	0.00	0.00	17,409.54	0.00	0.00	56,590.46	0.00	0.00
15-10	Acquisition of property (George property)	6022010		355,000.00		0.00	355,000.00	0.00	0.00	187,298.27	0.00	0.00	167,701.73	0.00	0.00
				\$	893,778.06	\$	470,195.98	\$	355,000.00	\$	340,540.30	\$	900,845.03	\$	467,588.65

Ref	C	C	C
C-2	\$	487,965.51	
C-2		138,196.52	
		(3,952,721.73)	
	\$	440,540.30	
C-2	\$	216,380.00	
C-2		169,000.00	
	\$	355,000.00	

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES  
 For the Year Ended December 31, 2010

Ordinance Number	Improvement Description	Date Of Issue Of Original Notes	Date Of Issue	Date Of Maturity	Interest Rate	Balance December 31, 2009	Decrease	Balance December 31, 2010
08-05	Purchase of phone system	5/11/2005	6/11/2009	6/11/2010	2.00%	\$ 9,637.00	\$ 9,637.00	\$ -
25-08	Acquisition of three replacement trash trucks	9/18/2008	9/15/2010	9/13/2011	1.75%	351,965.00	0.00	351,965.00
26-08	Testing neighborhood wells and cleanup gasoline and hydraulic fluid at PWF	9/18/2008	9/15/2010	9/13/2011	1.75%	372,400.00	0.00	372,400.00
						<u>\$ 734,002.00</u>	<u>\$ 9,637.00</u>	<u>\$ 724,365.00</u>

Ref. C A-3 C

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 STATEMENT OF GENERAL SERIAL BONDS PAYABLE  
 For the Year Ended December 31, 2010

Ordinance Number	Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2009	Decreased	Balance December 31, 2010
				Date	Amount				
Various	General obligation bonds series 2002	5/1/02	\$ 8,605,000.00	5/1/2011	\$ 355,000.00	4.125%			
				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%	\$ 6,655,000.00	\$ 335,000.00	\$ 6,320,000.00
							\$ 6,655,000.00	\$ 335,000.00	\$ 6,320,000.00

Ref. C A-3 C

TOWNSHIP OF FRANKLIN  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GREEN ACRES TRUST LOAN  
 For the Year Ended December 31, 2010

Purpose	Original Issue	Maturities of Bonds Outstanding December 31, 2010	Interest Rate	Balance December 31, 2009	Paid	Balance December 31, 2010
Acquisition of land adjacent to Mataga Lake Park	\$ 92,250.00	*	2.00%	\$ 47,033.51	\$ 4,819.70	\$ 42,213.81
				\$ 47,033.51	\$ 4,819.70	\$ 42,213.81
			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, 2010

Ordinance Number	Purpose	Balance December 31, 2010
25-08	Trash trucks and environmental cleanup	\$ 308,285.00
26-08	Supplemental environmental cleanup	460,750.00
		<u>\$ 769,035.00</u>
	Ref.	Footnote

**CONSOLIDATED WATER AND SEWER UTILITY FUND**

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

**\*\*NOT APPLICABLE\*\***

**PUBLIC ASSISTANCE TRUST FUND**

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

**TOWNSHIP OF FRANKLIN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER  
For the Year Ended December 31, 2010**

	<u>Ref.</u>	<u>P.A.T.F.I</u>
Balance - December 31, 2009	E	\$ 3,209.20
Increased by receipts:		
Interest		16.03
		<u>3,225.23</u>
Decreased by disbursements:		
Due to current fund		16.03
		<u>16.03</u>
Balance - December 31, 2010	E	<u>\$ 3,209.20</u>

**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, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	E-1	\$ 3,209.20
Increased by:		
Cash receipts record		5.51
		<u>3,214.71</u>
Decreased by:		
Cash disbursement record		5.27
		<u>3,209.44</u>
Balance - April 30, 2011		<u>\$ 3,209.44</u>
Newfield National Bank		<u>\$ 3,209.44</u>

**PAYROLL ACCOUNT**

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

**TOWNSHIP OF FRANKLIN  
PAYROLL AGENCY ACCOUNT  
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE  
For the Year Ended December 31, 2010**

Public employees' retirement system	\$ 13,349.01
Public employees' retirement system- contributory insurance	860.39
Police and firemen's pension system	27,080.27
Defined contribution retirement program	<u>695.00</u>
	<u>\$ 41,984.67</u>
Ref.	F

**BOND AND INTEREST ACCOUNT**

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

**\*\*NOT APPLICABLE\*\***

**GENERAL FIXED ASSETS**

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

**\*\*NOT APPLICABLE\*\***

**TOWNSHIP OF FRANKLIN**

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**LETTER OF COMMENTS AND RECOMMENDATIONS**

**For the Year Ended December 31, 2010**

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## 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 \$21,000.00/\$26,000.00, 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:

Deerwoods Paving  
Weymouth Road Paving - Section 1

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 2010.

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 \$21,000.00/\$26,000.00 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 in which the estimated cost or price exceeds \$3,150.00/\$3,900.00, 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." It was noted during the audit, that this statute was being adhered to for all purchases when required by having available all supporting documentation on hand and made part of the purchase order when quotes are solicited.

### **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 2, 2010, 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 December 15, 2010 and was complete. The 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>
2010	145
2009	132
2008	74

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, 2010, 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**

### **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.

### **Payroll**

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.

### **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.

### **Police**

The examination of receipts included a sampling of deposit frequency. The test indicated that the police department does not turn over funds to the Chief Financial Officer within 48 hours of receipt of deposit.

## RECOMMENDATIONS

It is recommended that:

### For the Police

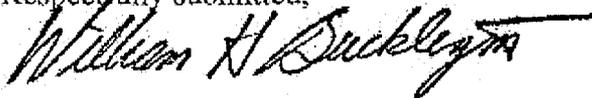
1. Funds be turned over to the Chief Financial Officer within 48 hours of receipt.

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,



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