



SOMERSET COUNTY, NEW JERSEY
REPORT ON
EXAMINATION OF ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, NEW JERSEY

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PART I
REPORT ON EXAMINATION
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
SUPPLEMENTARY DATA
AND
ROSTER OF OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2014

Independent Auditors' Report

The Honorable Mayor and Members of
the Township Council
Township of Franklin
County of Somerset
Franklin, New Jersey

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds of the Township of Franklin, Somerset County, New Jersey (the "Township") as of and for the year ended December 31, 2014, the statements of revenues, expenditures and changes in fund balances for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Further, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on a basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles


In our opinion, because of the significance of the matter discussed in the Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Township as of December 31, 2014, or the changes in financial position or where applicable, cash flows thereof for the year then ended.

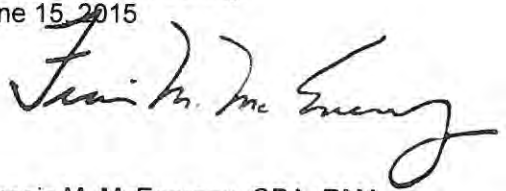
Unmodified Opinion

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the various funds of the Township of Franklin, Somerset County, New Jersey, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles and practices prescribed by the Division, as described in Note 1 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.


Livingston, New Jersey
June 15, 2015


Francis M. McEnerney, CPA, RMA
Licensed Registered Municipal Accountant #539

TOWNSHIP OF FRANKLIN
CURRENT FUND

BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

A
Sheet # 1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>			
Current Fund:			
Cash - Treasurer	A-4	\$ 32,060,990.27	\$ 30,464,766.09
Cash - Change Fund	A-5	1,255.00	1,255.00
Due from State of New Jersey - Sr. Cit. and Vets. Ded. per Ch. 73, P.L. 1976	A-6	20,854.55	17,604.58
		<u>32,083,099.82</u>	<u>30,483,625.67</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	2,940,824.57	3,166,687.55
Tax Title Liens Receivable	A-7	156,977.35	218,996.20
Property Acquired for Taxes at Assessed Valuation	Unchanged	329,973.00	329,973.00
Revenue Accounts Receivable	A-8	28,296.45	75,545.86
Interfunds Receivable	A-12	2,106,077.79	1,142,910.33
		<u>5,562,149.16</u>	<u>4,934,112.94</u>
Total Current Fund		<u>37,645,248.98</u>	<u>35,417,738.61</u>
Grant Fund:			
Cash - Treasurer	A-4	1,165,261.35	1,118,194.87
State and Federal Grants Receivable	A-14	2,796,695.90	2,854,684.95
Interfunds Receivable	A- 16	14,094.01	
Total Grant Fund		<u>3,976,051.26</u>	<u>3,972,879.82</u>
		<u>\$ 41,621,300.24</u>	<u>\$ 39,390,618.43</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

A
Sheet # 2

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 3,698,410.01	\$ 2,955,972.93
Reserve for Encumbrances	A-3, A-13	970,710.88	579,658.77
Various Payables and Reserves	A- 9	4,953,113.79	5,356,968.53
Tax Overpayments	A-10	71,431.96	98,288.36
Due to County - Added and Omitted	A-11		264,566.99
Prepaid Taxes	A-7	1,583,670.29	1,471,195.66
Interfunds Payable	A-12	2,698,010.87	1,696,634.49
		<u>13,975,347.80</u>	<u>12,423,285.73</u>
Reserve for Receivables	Reserve	5,562,149.16	4,934,112.94
Fund Balance	A- 1	18,107,752.02	18,060,339.94
		<u>23,669,901.18</u>	<u>22,994,452.88</u>
Total Current Fund		<u>37,645,248.98</u>	<u>35,417,738.61</u>
Grant Fund:			
Interfunds Payable	A-16		114,493.45
Reserve for Encumbrances	A-15	155,452.37	219,548.23
Reserve for State & Federal Grants:			
Appropriated	A-15	3,725,119.09	3,544,312.05
Unappropriated	A-17	95,479.80	94,526.09
		<u>3,976,051.26</u>	<u>3,972,879.82</u>
Total Grant Fund		<u>3,976,051.26</u>	<u>3,972,879.82</u>
		<u>\$ 41,621,300.24</u>	<u>\$ 39,390,618.43</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

A-1
Sheet # 1

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance - Appropriated	A-2	\$ 5,839,320.49	\$ 6,961,049.11
Miscellaneous Revenue Anticipated	A-2	14,788,091.02	12,889,987.91
Receipts from Delinquent Taxes	A-2	2,495,093.22	2,019,322.85
Receipts from Current Taxes	A-2	203,681,938.34	199,085,603.50
Miscellaneous Revenue Not Anticipated	A-2	836,088.99	768,064.93
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	2,536,850.42	3,464,685.90
Accounts Payable and Reserves Cancelled	A-9, A-11	264,566.99	30,706.96
		<hr/>	<hr/>
Total Income		230,441,949.47	225,219,421.16
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	21,508,717.00	20,645,080.76
Other Expenses	A-3	19,894,912.98	19,138,796.19
Public and Private Programs	A-3	797,430.17	522,923.26
Deferred Charges and Statutory Expenditures	A-3	4,892,639.00	5,607,725.00
Capital Improvements	A-3	774,100.00	250,000.00
Municipal Debt Service	A-3	4,801,760.58	5,155,316.94
County Taxes (All)	A-11	30,681,233.07	29,935,838.25
Local District School Taxes	A-11	128,277,241.00	125,997,973.00
Special District Taxes (All)	A-11	6,311,104.00	5,659,630.00
Municipal Open Space	A-11	4,475,531.00	4,434,391.00
Prior Year Sr. Citizens/Veterans Deductions Disallowed	A-6	12,378.77	22,837.68
Reserve for Tax Appeals	A-9	1,500,000.00	1,500,000.00
Special Improvement District	A-9	117,416.47	
Interfund Loans Advanced (Net)	A-12	510,752.86	279,036.95
		<hr/>	<hr/>
Total Expenditures		224,555,216.90	219,149,549.03
Excess (Deficit) in Revenues (Carried Forward)		5,886,732.57	6,069,872.13

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

A-1
Sheet # 2

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Excess (Deficit) in Revenues (Carried Forward)		\$ 5,886,732.57	\$ 6,069,872.13
Adj. to Income Before Fund Balance:			
Expend. Included Above Which are			
by Statute Deferred Charges to			
Budget of Succeeding Years			
		<hr/>	<hr/>
		5,886,732.57	6,069,872.13
 <u>FUND BALANCE</u>			
Balance December 31, 2013	A	<hr/> 18,060,339.94	<hr/> 18,951,516.92
		23,947,072.51	25,021,389.05
Decreased by:			
Utilized as Anticipated Revenue	A-1	<hr/> 5,839,320.49	<hr/> 6,961,049.11
Balance December 31, 2014	A	<hr/> <u>\$ 18,107,752.02</u>	<hr/> <u>\$ 18,060,339.94</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

A-2
Sheet # 1

	Anticipated Budget	N.J.S.A. 40A:4-87	Total Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 5,839,320.49	\$	\$ 5,839,320.49	\$ 5,839,320.49	\$
Total Surplus Anticipated	5,839,320.49		5,839,320.49	5,839,320.49	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	75,000.00		75,000.00	83,876.00	8,876.00
Other	200,500.00		200,500.00	223,188.00	22,688.00
Fees and Permits	575,000.00		575,000.00	562,988.57	(12,011.43)
Fines and Costs:					
Municipal Court	535,000.00		535,000.00	457,467.81	(77,532.19)
Interest and Costs on Taxes	600,000.00		600,000.00	908,318.14	308,318.14
Interest on Investments and Deposits	40,000.00		40,000.00	50,953.06	10,953.06
Fire Prevention Fees	450,000.00		450,000.00	534,203.21	84,203.21
Cable Franchise Fees	150,000.00		150,000.00	199,627.81	49,627.81
Subtotal - Local Revenues	2,625,500.00		2,625,500.00	3,020,622.60	395,122.60
Consolidated Municipal Property Tax Relief Aid					
Energy Receipts Tax	143,924.00		143,924.00	143,924.00	
Garden State Trust Payments	4,441,254.00		4,441,254.00	4,441,254.00	
	70,219.00		70,219.00	70,219.00	
Subtotal - State Aid Revenues	4,655,397.00		4,655,397.00	4,655,397.00	
Dedicated Uniform Construction Code Fees:					
Uniform Construction Code Fees	2,200,000.00		2,200,000.00	2,757,835.80	557,835.80
Subtotal - Uniform Construction Code Revenues	2,200,000.00		2,200,000.00	2,757,835.80	557,835.80
Interlocal:					
Franklin Township Board of Education -					
Maintenance of School Equipment	300,000.00		300,000.00	400,064.19	100,064.19
School Police Officers	300,000.00		300,000.00	307,918.84	7,918.84
Subtotal - Interlocal Revenues	600,000.00		600,000.00	707,983.03	107,983.03

See accompanying notes to financial statements.

STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

Public and Private Revenues Off-Set with Appropriations:					
	\$	\$	\$	\$	\$
Municipal Alliance on Alcoholism and Drug Abuse	51,896.00		51,896.00		51,896.00
NJ DEP Recycling Tonnage Grant	50,651.09		50,651.09		50,651.09
HTS Mobilization Holiday Drive Sober 2014	4,400.00		4,400.00		4,400.00
Drive Sober or Get Pulled Over Grant - 14		5,000.00		5,000.00	5,000.00
Drive Sober or Get Pulled Over Grant - Holiday		7,500.00		7,500.00	7,500.00
Distracted Driving Enforcement	5,000.00		5,000.00		5,000.00
Click It or Ticket	4,000.00		4,000.00		4,000.00
Summer Food Service Program	9,927.08		9,927.08		9,927.08
CDBG - 2014		252,170.00		252,170.00	252,170.00
NUDEP - Clean Communities Grant		109,389.00		109,389.00	109,389.00
Somerset Youth Services Commission - Annual Grant		5,000.00		5,000.00	5,000.00
Recreation Handicapped	10,000.00		10,000.00		10,000.00
Municipal Aid JFK Blvd - 14		250,000.00		250,000.00	250,000.00
Discover NJ History	5,000.00		5,000.00		5,000.00
Subtotal - Public and Private Revenues	140,874.17	629,059.00	769,933.17		769,933.17
Other Special Items Offset With Appropriations:					
Township Hotel Tax Revenue	1,200,000.00		1,200,000.00		1,453,045.61
Franklin Sewerage Authority	520,000.00		520,000.00		585,767.00
FEMA Reimbursement - Superstorm Sandy	463,980.51		463,980.51		463,980.51
Sale of Municipal Assets	280,000.00		280,000.00		281,031.24
N.J. State PBA Officer	126,000.00		126,000.00		61,952.82
Franklin Fire Districts	90,300.00		90,300.00		30,542.24
Subtotal - Other Special Item Revenues	2,680,280.51		2,680,280.51		2,876,319.42
Total Miscellaneous Revenues					
	12,902,051.68	629,059.00	13,531,110.68		14,788,091.02
Receipts from Delinquent Taxes					
	2,000,000.00		2,000,000.00		2,495,093.22
Subtotal General Revenues	20,741,372.17	629,059.00	21,370,431.17		23,122,504.73
					1,752,073.56

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

A-2
Sheet # 3

	Anticipated Budget	N.J.S.A. 40A:4-87	Total Budget	Realized	Excess or (Deficit)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes					
a) Including Reserve for Uncollected Taxes	\$ 33,359,598.00	\$	\$33,359,598.00	\$ 34,497,298.29	\$ 1,137,700.29
c) Minimum Library Tax	2,939,530.98		2,939,530.98	2,939,530.98	
Total Amount to be Raised by Taxes for Support of Municipal Budget	36,299,128.98		36,299,128.98	37,436,829.27	1,137,700.29
Total General Revenues	57,040,501.15	629,059.00	57,669,560.15	60,559,334.00	2,889,773.85
Non-Budget Revenues				836,088.99	836,088.99
	\$ 57,040,501.15	\$ 629,059.00	57,669,560.15	\$ 61,395,422.99	\$ 3,725,862.84
Ref.	A-3	A-3			
Current Taxes Realized:					
Sr. Citizens & Vets				\$ 389,500.00	
Cash Receipts				201,821,242.68	
Prepaid Taxes - Prior Year				1,471,195.66	
Subtotal				203,681,938.34	
Res. For Uncoll. Tax				5,000,000.00	
Subtotal				208,681,938.34	
Allocated to School					
County and Fire Districts				(165,269,578.07)	
Municipal Library				(2,939,530.98)	
Municipal Open Space				(4,475,531.00)	
Reserve for Tax Appeals				(1,500,000.00)	
Miscellaneous Revenues:				\$ 34,497,298.29	
Grants Realized				\$ 769,933.17	
Miscellaneous Revenues				14,018,157.85	
				\$ 14,788,091.02	
Miscellaneous Revenues Not Anticipated:					
Cash Receipts				\$ 836,088.99	
				\$ 836,088.99	

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended	Unexpended Balance Canceled
				Encumbered	Reserved
<u>Operations Within "CAPS":</u>					
General Administration	\$	\$	\$	\$	\$
Salaries and Wages	274,828.00	278,933.00	278,932.08		0.92
Other Expenses	382,330.00	272,330.00	225,223.04	10,043.70	37,063.26
Human Resources (Personnel)					
Salaries and Wages	109,711.00	114,036.00	114,035.84		0.16
Other Expenses	39,620.00	39,620.00	24,115.75	1,774.51	13,729.74
Mayor and Council					
Salaries and Wages	86,262.00	86,593.00	86,592.75		0.25
Other Expenses	23,187.00	23,187.00	16,311.19	556.28	6,319.53
Municipal Clerk					
Salaries and Wages	180,971.00	180,051.00	179,320.13		730.87
Other Expenses	58,735.00	58,735.00	46,297.39	7,846.06	4,591.55
Finance Administration					
Salaries and Wages	55,990.00	58,133.00	42,745.35		15,387.65
Other Expenses	327,050.00	327,050.00	227,799.67	75,457.50	23,792.83
Audit Services					
Other Expenses	37,800.00	37,800.00	1,000.00	29,175.00	7,625.00
Computerized Data Processing					
Salaries and Wages	197,596.00	173,596.00	169,518.58		4,077.42
Other Expenses	162,825.00	162,825.00	130,201.84	13,966.16	18,657.00
Revenue Administration (Tax Collection)					
Salaries and Wages	118,050.00	120,950.00	120,014.18		935.82
Other Expenses	10,853.00	10,853.00	9,729.17	252.10	871.73
Tax Assessment Administration					
Salaries and Wages	307,926.00	275,926.00	275,851.33		74.67
Other Expenses	142,050.00	142,050.00	71,889.96	25,350.00	44,810.04
Legal Services (Legal Dept.)					
Other Expenses	385,000.00	495,000.00	451,327.31	24,069.12	19,603.57
Prosecutor					
Other Expenses	56,000.00	56,000.00	50,554.00	3,375.00	2,071.00
Municipal Court					
Salaries and Wages	308,843.00	308,543.00	286,884.90		21,658.10
Other Expenses	28,120.00	28,420.00	21,508.56	3,567.43	3,344.01
Engineering					
Salaries and Wages	252,516.00	270,516.00	190,852.03		79,663.97
Other Expenses	10,900.00	10,900.00	4,528.75	3,200.87	3,170.38
Economic Development Agencies					
Other Expenses	53,175.00	53,175.00	50,000.00		3,175.00
Planning Board					
Salaries and Wages	241,450.00	217,850.00	158,405.04		59,444.96
Other Expenses	58,474.00	58,474.00	25,829.95	15,161.50	17,482.55

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended		Unexpended Balance Canceled
				Encumbered	Reserved	
Public Works - General						
Salaries and Wages	\$ 1,818,555.00	\$ 1,775,171.00	\$ 1,716,556.80	\$	\$ 58,614.20	\$
Streets and Roads Maintenance						
Salaries and Wages	198,000.00	198,000.00	198,000.00			
Other Expenses	763,125.00	763,125.00	429,394.77	314,587.67	19,142.56	
Public Works - Recycling						
Other Expenses	593,000.00	578,000.00	547,236.67	9,312.76	21,450.57	
Shade Tree Commission						
Other Expenses	250.00	250.00			250.00	
Public Works - Building and Grounds						
Other Expenses	201,425.00	216,425.00	162,353.95	37,736.34	16,334.71	
Public Works - Vehicle Maintenance						
Other Expenses	144,000.00	144,000.00	128,161.43	14,401.75	1,436.82	
Community Services Act (Condo Community)						
Other Expenses	170,000.00	170,000.00	148,147.64		21,852.36	
Animal Control Services						
Salaries and Wages	132,349.00	132,349.00	111,420.18		20,928.82	
Other Expenses	21,660.00	21,660.00	14,213.38	5,510.99	1,935.63	
Police						
Salaries and Wages	13,404,348.00	13,476,848.00	13,137,465.76		339,382.24	
Other Expenses	521,305.00	517,305.00	418,955.98	70,691.56	27,657.46	
Department of Recreation, Community Celebrations and Park Administration						
Division of Recreation and Park Administration						
Salaries and Wages	431,520.00	431,520.00	422,523.36		8,996.64	
Other Expenses	55,985.00	55,985.00	38,132.78	6,739.35	11,112.87	
Community Resources						
Salaries and Wages	210,281.00	229,881.00	227,516.43		2,364.57	
Other Expenses	20,044.00	20,044.00	6,742.60	2,021.03	11,280.37	
Fire Prevention						
Salaries and Wages	579,330.00	579,330.00	482,775.90		96,554.10	
Other Expenses	7,390.00	7,390.00	6,953.30	367.81	68.89	
Emergency Management						
Salaries and Wages						
Other Expenses	2,250.00	2,250.00	1,050.50		1,199.50	
State Aid Payments to Fire Districts						
Other Expenses	16,774.00	16,774.00	16,774.00			
Community Activities:						
Aid to Fire Services						
Other Expenses	30,000.00	40,500.00	40,500.00			
Aid to Rescue Squads						
Other Expenses	60,000.00	53,500.00	53,500.00			
Tax Appeals						
Other Expenses	500,000.00	500,000.00	500,000.00			

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended	Unexpended Balance Canceled
				Encumbered	Reserved
Tax Title Lien and Foreclosure					
Other Expenses	\$ 50,000.00	\$ 50,000.00	\$ 35,965.00	\$ 3,800.00	\$ 10,235.00
Environmental Commission					
Other Expenses	500.00	500.00	490.00		10.00
Historical Commission					
Other Expenses	2,525.00	2,525.00	540.00		1,985.00
Liability Insurance					
Other Expenses	1,067,351.00	1,067,351.00	1,001,892.84	18,298.00	47,160.16
Workers Compensation Insurance					
Other Expenses	50,000.00	50,000.00	50,000.00		
Employee Group Insurance					
Salaries and Wages (Payment in Lieu)	150,000.00	150,000.00	148,676.46		1,323.54
Other Expenses	6,622,000.00	6,622,000.00	5,876,417.68		745,582.32
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5.23-4.17)					
Code Enforcement					
Salaries and Wages	993,491.00	993,491.00	888,969.82		104,501.18
Other Expenses	351,600.00	351,600.00	41,484.17	12,437.98	297,677.85
UNCLASSIFIED:					
Salary Adjustment					
Franklin Township Board of Education - Transp.					
Salaries and Wages	8,844.00	8,844.00	4,804.01		4,039.99
Other Expenses	20,000.00	20,000.00			20,000.00
Franklin Township Board of Education - Officers					
Salaries and Wages	14,160.00	14,160.00	14,160.00		
Utilities:					
Gasoline	528,000.00	528,000.00	353,614.20	45,929.83	128,455.97
Telephone	225,000.00	225,000.00	163,486.69	20,527.91	40,985.40
Electricity/Heat	924,000.00	924,000.00	446,269.62	5,819.67	471,910.71
Water	4,000.00	4,000.00			4,000.00
Street Lighting	1,320,000.00	1,320,000.00	975,740.44	256.35	344,003.21
Other:					
Future Sick and Vacation Payments	700,000.00	700,000.00	700,000.00		
Total Operations Within "CAPS"	37,173,324.00	37,173,324.00	33,120,375.15	782,234.23	3,270,714.62
Contingent	2,000.00	2,000.00			2,000.00

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid Or Charged</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
				<u>Encumbered</u>		
Total Operations Including Contingent DETAIL:	\$ 21,125,021.00	\$ 21,101,717.00	\$ 20,287,076.92	\$	\$ 814,640.08	\$
Salaries and Wages	16,050,303.00	16,073,607.00	12,833,298.23	782,234.23	2,458,074.54	
Other Expenses (Including Contingent)						
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System	969,457.00	969,457.00	866,457.00		103,000.00	
Social Security System (O.A.S.I.)	1,657,553.00	1,657,553.00	1,505,606.39		151,946.61	
State Unemployment						
Defined Contribution Retirement Program	3,000.00	3,000.00			3,000.00	
Police and Firemen's Retirement System of N.J.	2,262,629.00	2,262,629.00	2,262,629.00			
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	4,892,639.00	4,892,639.00	4,634,692.39		257,946.61	
Total General Appropriations for Municipal Purposes Within "CAPS"	42,067,963.00	42,067,963.00	37,755,067.54	782,234.23	3,530,661.23	
Operations Excluded from "CAPS"						
Maintenance of Free Public Library	2,939,530.98	2,939,530.98	2,939,530.98			
Total Other Operations - Excluded from "CAPS"	2,939,530.98	2,939,530.98	2,939,530.98			
Interlocal Municipal Service Agreements: Franklin Township Board Of Education- Transportation						
Salaries and Wages	107,000.00	107,000.00	107,000.00		(0.00)	
Other Expenses	193,000.00	193,000.00	144,064.05	6,347.59	42,588.36	
Franklin Township Board Of Education- Police						
Salaries and Wages	300,000.00	300,000.00	300,000.00			
Senior Transportation						
Other Expenses	66,305.00	66,305.00	38,677.93	27,627.07		
Somerset County - Board of Health Services						
Other Expenses	622,470.00	622,470.00	604,682.04		17,787.96	
Total Interlocal Municipal Service						

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended	Unexpended Balance Canceled
				Encumbered	Reserved
Agreements - Excluded from "CAPS"	1,288,775.00	1,288,775.00	1,194,424.02	33,974.66	60,376.32
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES:					
Recycling Tonnage Grant	\$ 50,651.09	\$ 50,651.09	\$ 50,651.09	\$	\$
Drive Sober or Get Pulled Over Grant - 14		5,000.00	5,000.00		
Drive Sober or Get Pulled Over Grant - Holiday		7,500.00	7,500.00		
Recreation - Individuals with Disabilities	12,000.00	12,000.00	12,000.00		
Municipal Alliance on Alcoholism	67,393.00	67,393.00	67,393.00		
CDBG Grant - 14		252,170.00	252,170.00		
Youth Services Competitive Grant					
Somerset County Youth Annual Grant		5,000.00	5,000.00		
Discover NJ History Grant	5,000.00	5,000.00	5,000.00		
Youth Services Commission Grant					
Emergency Management Grant					
Clean Communities - 14		109,389.00	109,389.00		
NJ DOT - DeMott Lane					
Click it or Ticket	4,000.00	4,000.00	4,000.00		
Summer Food Service Program	9,927.08	9,927.08	9,927.08		
HTS Mobilization Holiday Drive Sober - 14	4,400.00	4,400.00	4,400.00		
Distracted Driving Enforcement Grant	5,000.00	5,000.00	5,000.00		
Municipal Aid JFK Blvd - 14		250,000.00	250,000.00		
Matching Funds	10,000.00	10,000.00	10,000.00		
Total Public and Private Programs Offset by Revenues - Excluded from "CAPS"	168,371.17	797,430.17	797,430.17		
Total Operations - Excluded from "CAPS"	4,396,677.15	5,025,736.15	4,931,385.17	33,974.66	60,376.32
DETAIL:					
Salaries and Wages	407,000.00	407,000.00	407,000.00		
Other Expenses	3,989,677.15	4,618,736.15	4,524,385.17	33,974.66	60,376.32

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended		Unexpended Balance Canceled
				Encumbered	Reserved	
Capital Improvements - Excluded from "CAPS"						
Capital Improvement Fund	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00	\$	\$	\$
Construction Code:						
Roof Repair and Carpet Replacement	40,000.00	40,000.00		15,000.00	25,000.00	
SUV Vehicles (3)	78,000.00	78,000.00	61,102.00		16,898.00	
Police:						
Safety Equipment	154,600.00	154,600.00	32,597.61	106,063.08	15,939.31	
SUV Vehicles (3)	145,000.00	145,000.00	139,674.75	3,200.00	2,125.25	
Pick-up Truck	29,000.00	29,000.00	28,998.00		2.00	
Radios and Equipment	98,500.00	98,500.00	77,434.16	11,860.68	9,205.16	
Information and Technology:						
Equipment	45,000.00	45,000.00	25,419.03	18,378.23	1,202.74	
Fire Prevention:						
Pick-up Truck	37,000.00	37,000.00			37,000.00	
Total Capital Improvements - Excluded from "CAPS"	774,100.00	774,100.00	512,225.55	154,501.99	107,372.46	
Municipal Debt Service - Excluded from "CAPS"						
Payment of Bond Principal	3,925,000.00	3,925,000.00	3,925,000.00			
Interest on Bonds	525,030.00	525,030.00	525,030.00			
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	12,701.00	12,701.00	12,700.58			0.42
Capital Lease Obligations Approved After 7/1/2007						
Principal	223,208.00	223,208.00	223,208.00			
Interest	14,102.00	14,102.00	14,102.00			
Energy Efficient Lease						
Principal	63,693.00	63,693.00	63,693.00			
Interest	38,027.00	38,027.00	38,027.00			
Total Municipal Debt Service - Excluded from "CAPS"	4,801,761.00	4,801,761.00	4,801,760.58			0.42

TOWNSHIP OF FRANKLIN
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget	Budget After Modification	Paid Or Charged	Expended		Unexpended Balance Canceled
				Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 9,972,538.15	\$ 10,601,597.15	\$ 10,245,371.30	\$ 188,476.65	\$ 167,748.78	\$ 0.42
Subtotal General Appropriations	52,040,501.15	52,669,560.15	48,000,438.84	970,710.88	3,698,410.01	0.42
Reserve for Uncollected Taxes	5,000,000.00	5,000,000.00	5,000,000.00			
Total General Appropriations	\$ 57,040,501.15	\$ 57,669,560.15	\$ 53,000,438.84	\$ 970,710.88	\$ 3,698,410.01	\$ 0.42

Ref.
A-2
A-2

Adopted Budget
Approp. by N.J.S.A. 40A:4-87

Reserve for Uncollected Taxes
Disbursed
Due to General Capital Fund
Self Insurance Fund
Workers Compensation Fund
General Capital Improvement Fund
Salary Adjustments
Reserve for Accumulated Leave
Reserve for Tax Appeals
Res. for State & Fed. Grants Approp.

\$ 5,000,000.00	
45,050,783.12	
365,225.55	
50,000.00	
50,000.00	
147,000.00	
350,000.00	
700,000.00	
500,000.00	
787,430.17	
<u>\$ 53,000,438.84</u>	

TOWNSHIP OF FRANKLIN
TRUST FUNDS

B
Sheet # 1

BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS		Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCES		Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Trust Assessment Fund:					Trust Assessment Fund:				
Cash and Investments - Treasurer	B-2	\$	776,280.86	\$	775,480.16	Reserve for:	B-4	\$	122,166.85
Assessments Receivable	B-3		122,166.85	122,166.85		Assessments and Liens	B-1		775,480.16
						Fund Balance			
Total Trust Assessment Fund			898,447.71	897,647.01		Total Trust Assessment Fund		898,447.71	897,647.01
Animal Control Fund:					Animal Control Fund:				
Cash and Investments - Treasurer	B-6		221,583.34	203,803.92		Due to State of New Jersey	B-6		250.00
						Due to Current Fund	B-6	1,755.27	1,755.27
						Reserve for Animal Control			
						Fund Expenditures	B-5	219,828.07	201,798.65
Total Animal Control Fund			221,583.34	203,803.92		Total Animal Control Fund		221,583.34	203,803.92
Trust-Other Fund:					Trust-Other Fund:				
Cash and Investments - Treasurer	B-6		8,465,937.32	8,052,208.76		Reserve for Encumbrances	B-8	24,675.94	34,919.39
Due from Current Fund	B-6		1,558,563.68	1,696,634.49		Escrow Funds and Reserves	B-8	9,999,825.06	9,713,923.86
Total Trust-Other Fund			10,024,501.00	9,748,843.25		Total Trust-Other Fund		10,024,501.00	9,748,843.25
Unemployment Insurance Trust Fund:					Unemployment Insurance Trust Fund:				
Cash and Investments - Treasurer	B-6		1,355,672.00	1,377,609.94		Reserve to Pay Unemployment Benefits	B-6	1,355,672.00	1,377,609.94
Total Unemployment Insurance Trust Fund			1,355,672.00	1,377,609.94		Total Unemployment Insurance Trust Fund		1,355,672.00	1,377,609.94
Self-Insurance Trust Fund:					Self-Insurance Trust Fund:				
Cash and Investments - Treasurer	B-6		900,351.38	945,909.65		Due to Current Fund	B-6		738.90
Due from Current Fund	B-6		49,261.10			Reserve for Other Insurance	B-6	670.57	670.57
						Reserve to Pay Insurance Claims	B-6	222,649.09	239,600.18
						Reserve for LOSAP	B-6	577,419.36	577,419.36
						Reserve for Vehicle Accident	B-6	23,104.91	23,104.91
						Reserve for Encumbrances	B-6	26,374.50	7,213.15
						Reserve for Environ. Protection Liability	B-6	99,394.05	97,162.58
Total Self-Insurance Trust Fund			949,612.48	945,909.65		Total Self-Insurance Trust Fund		949,612.48	945,909.65

TOWNSHIP OF FRANKLIN
TRUST FUNDS

BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS				Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Open Space Trust Fund:						
Cash and Investments - Treasurer	B-6	\$	17,114,022.79	\$	16,080,116.36	
Deferred Charges - Funded	B-6		16,685,000.00		15,890,000.00	
Total Open Space Trust Fund						
			33,799,022.79		31,950,116.36	
Workers Compensation Trust Fund:						
Cash and Investments - Treasurer	B-6		612,017.15		640,831.67	
Due from Current Fund	B-6		50,000.00			
Total Workers Compensation Trust Fund						
			662,017.15		640,831.67	
Recreation Trust Fund:						
Cash and Investments - Treasurer	B-6		804,536.96		698,310.52	
Total Recreation Trust Fund						
			804,536.96		698,310.52	
Developers' Escrow Trust Fund:						
Cash and Investments - Treasurer	B-6		2,044,292.78		2,043,806.54	
Total Developers' Escrow Trust Fund						
			2,044,292.78		2,043,806.54	
Historical Preservation Trust Fund:						
Cash and Investments - Treasurer	B-6		153,432.62		150,557.48	
Total Historical Preservation Trust Fund						
			153,432.62		150,557.48	

LIABILITIES, RESERVES AND FUND BALANCES						
Open Space Trust Fund:						
Reserve for Open Space Trust Fund	B-6	\$	16,096,060.78	\$	15,852,151.53	
Serial Bonds Payable	B-7		16,685,000.00		15,890,000.00	
Due to General Capital Fund	B-6		881,350.00		125,000.00	
Due to Current Fund	B-6		2,718.88			
Accounts Payable	B-6		1,864.15		1,864.15	
Reserve for Encumbrances	B-6		132,028.98		81,100.68	
Total Open Space Trust Fund						
			33,799,022.79		31,950,116.36	
Workers Compensation Trust Fund:						
Reserve for Workers' Compensation	B-6		661,347.15		640,689.22	
Reserve for Encumbrances	B-6		670.00		142.45	
Total Workers Compensation Trust Fund						
			662,017.15		640,831.67	
Recreation Trust Fund:						
Due to Current Fund	B-6		1,580.65		650.75	
Reserve for Encumbrances	B-6		75,331.35		104,275.22	
Reserve for Recreation Programs	B-6		727,624.96		593,384.55	
Total Recreation Trust Fund						
			804,536.96		698,310.52	
Developers' Escrow Trust Fund:						
Reserve for Escrows	B-6		2,044,292.78		2,043,806.54	
Total Developers' Escrow Trust Fund						
			2,044,292.78		2,043,806.54	
Historical Preservation Trust Fund:						
Reserve for Historical Preservation Fund	B-6		153,432.62		150,557.48	
Total Historical Preservation Trust Fund						
			153,432.62		150,557.48	

TOWNSHIP OF FRANKLIN
TRUST FUNDS

BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013		Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>ASSETS</u>							
Tax Collector's Trust Fund:							
Cash - Collector	B-6	\$ 2,778,153.15	\$ 2,221,300.00	Premiums Received at Tax Sale	B-6	\$ 2,778,153.15	\$ 2,221,300.00
Total Tax Collector's Trust Fund		2,778,153.15	2,221,300.00	Total Tax Collector's Trust Fund		2,778,153.15	2,221,300.00
Payroll and Payroll Agency Fund:							
Cash and Investments - Treasurer	B-6	386,925.48	878,285.20	Due to Current Fund	B-6	363,418.15	418.15
Total Payroll and Payroll Agency Fund		386,925.48	878,285.20	Reserve for Payroll and Payroll Deductions	B-6	23,507.33	877,867.05
Affordable Housing Trust Fund:				Total Payroll and Payroll Agency Fund		386,925.48	878,285.20
Cash and Investments - Treasurer	B-6	2,998,036.39	3,255,749.36	Reserve for Encumbrances	B-6	8,180.00	17,609.15
Total Affordable Housing Trust Fund		2,998,036.39	3,255,749.36	Reserve for Affordable Housing	B-6	2,989,856.39	3,238,140.21
Police Forfeiture Fund:				Total Affordable Housing Trust Fund		2,998,036.39	3,255,749.36
Cash and Investments - Treasurer	B-6	34,201.25	39,928.12	Police Forfeiture Fund:			
Total Police Forfeiture Fund		34,201.25	39,928.12	Reserve for Police Forfeiture	B-6	34,201.25	39,928.12
Flexible Spending Account:				Total Police Forfeiture Fund		34,201.25	39,928.12
Cash and Investments - Treasurer	B-6	9,362.44	8,311.99	Flexible Spending Account:			
Total Flexible Spending Account		9,362.44	8,311.99	Reserve for Flexible Spending	B-6	9,362.44	8,311.99
LOSAP Plan Funds (Unaudited):				Total Flexible Spending Account		9,362.44	8,311.99
LOSAP Plan Funds		534,283.42	474,980.37	LOSAP Plan Funds (Unaudited):			
Total LOSAP Plan Funds		534,283.42	474,980.37	Reserve for LOSAP Plan Funds		534,283.42	474,980.37
		\$ 57,119,797.54	\$ 55,061,011.01	Total LOSAP Plan Funds		534,283.42	474,980.37
						\$ 57,119,797.54	\$ 55,061,011.01

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
TRUST FUND

STATEMENT OF TRUST FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

B-1

	<u>Ref.</u>	
Balance Dececeember 31, 2013	B	\$ 775,480.16
Increased by:		
Funds Collected	B-2	<u>800.70</u>
Balance December 31, 2014	B	<u><u>\$ 776,280.86</u></u>

See accompanying notes to finanical statements.

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Cash and Investments - Treasurer	C- 2	\$ 6,342,201.63	\$ 60,038.81
Various Grants and Other Receivables	C- 5	59,756.24	213,506.24
SCIA Leases Receivable	C- 4	253,943.56	253,943.56
Interfunds Receivable	C- 8	1,907,442.08	125,000.00
Deferred Charges to Future Taxation:			
Funded	C- 6	23,806,017.97	18,416,289.12
Unfunded	C- 7	5,747,918.67	16,001,018.67
		<u>\$ 38,117,280.15</u>	<u>\$ 35,069,796.40</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 22,352,000.00	\$ 16,657,000.00
Green Trust Loan Payable	C-12	6,287.42	24,658.37
SCIA Capital Equipment Leases Payable	C-13	472,858.30	696,065.89
Energy Lease Payable	C-14	974,872.25	1,038,564.86
Interfunds Payable	C- 8		239,648.97
Reserve for Encumbrances			
Improvement Authorizations	C-9	786,191.76	3,825,679.47
SCIA Improvement Authorizations	C-10		63,743.00
Improvement Authorizations:			
Funded	C-9	6,470,722.29	4,201,727.58
Unfunded	C-9	3,598,283.69	4,924,465.48
SCIA Improvement Authorizations	C-10	253,943.56	190,200.56
Reserve for:			
Capital Improvement Fund	C-16	90,289.74	97,339.74
Various Reserves	C-15	452,071.44	450,942.78
Fund Balance	C-1	2,659,759.70	2,659,759.70
		<u>\$ 38,117,280.15</u>	<u>\$ 35,069,796.40</u>
There were Bonds and Notes Authorized but Not Issued at December 31, in the amounts as follows:			
	C-17	<u>\$ 5,747,918.67</u>	<u>\$ 16,001,018.67</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

C-1

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$ 2,659,759.70
Balance, December 31, 2014	C	<u>\$ 2,659,759.70</u>

See accompanying notes to financial statements.

**BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

[illegible]

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

D-1

<u>REVENUE AND OTHER INCOME</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Operating Fund Balance	D-3	\$ 1,803,455.00	\$ 2,200,000.00
Water Rents	D-3	11,538,724.94	9,869,909.51
Fire Service Rents	D-3	1,082,623.80	1,037,713.70
Miscellaneous	D-3	922,007.06	904,693.29
Water Utility Capital Fund Balance			290,499.85
Non-budget Revenue	D-6	457,890.62	
Other Credits to Income:			
Unexpended Balance of Approp. Reserves	D-17	564,396.80	417,702.36
Accrued Interest Adjustment			9,384.17
		<hr/>	<hr/>
Total Revenues		16,369,098.22	14,729,902.88
		<hr/>	<hr/>
<u>EXPENDITURES</u>			
Budget Expenditures:			
Operating	D-4	11,086,600.00	10,901,543.17
Capital Improvements	D-4	265,000.00	250,000.00
Debt Service	D-4	1,218,500.77	1,193,841.76
Deferred Charges and Statutory Expenditures	D-4	268,400.00	261,000.00
Accrued Interest Adjustment	D-21	15,323.13	
Refunds of Prior Year Revenues	D-6	10,800.02	77,581.44
		<hr/>	<hr/>
Total Expenditures		12,864,623.92	12,683,966.37
		<hr/>	<hr/>
Excess of Revenues		3,504,474.30	2,045,936.51
<u>FUND BALANCE</u>			
Balance, December 31,	D	2,126,038.95	2,280,102.44
		<hr/>	<hr/>
		5,630,513.25	4,326,038.95
Decreased by:			
Utilized as Anticipated Revenue		1,803,455.00	2,200,000.00
		<hr/>	<hr/>
Balance, December 31,	D	\$ 3,827,058.25	\$ 2,126,038.95
		<hr/>	<hr/>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-2

	<u>Ref.</u>	
Balance, December 31, 2013	D	<u>\$1,550,304.42</u>
Balance, December 31, 2014	D	<u><u>\$1,550,304.42</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-3

	<u>Ref.</u>	<u>2014 Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	D-1	\$ 1,803,455.00	\$ 1,803,455.00	\$
Water Rents	D-1	9,250,000.00	11,538,724.94	2,288,724.94
Fire Service Rents	D-1	1,000,000.00	1,082,623.80	82,623.80
Miscellaneous	D-1	900,000.00	922,007.06	22,007.06
		<u>\$12,953,455.00</u>	<u>\$15,346,810.80</u>	<u>\$ 2,393,355.80</u>

Analysis of Realized Revenues:

Analysis of Water Rents:

Water Rent Collections	D-10	<u>\$11,538,724.94</u>
	D-6	<u>\$11,538,724.94</u>

Analysis of Fire Service Rents:

Fire Service Rent Collections	D-11	\$ 1,082,485.49
Prepaid Fire Service Rents Applied	D-19	<u>138.31</u>
	D-6	<u>\$ 1,082,623.80</u>

Analysis of Miscellaneous:

Collector:

Connections	\$ 641,628.95	
Sales of Meters	91,394.00	
Water Taps	17,045.82	
Installation and Inspection Fees	14,850.00	
Interest on Delinquencies	115,381.01	
Miscellaneous	<u>27,731.80</u>	
	D-6	\$ 908,031.58

Treasurer:

Miscellaneous	D-6	7,526.06
Interest Accrued - Water Capital Fund	D-14	<u>6,449.42</u>
		<u>13,975.48</u>
	D-1	<u>\$ 922,007.06</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGALATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-4

	2014 Budget	Budget After Modification	Paid or Charged	Expended	Encumbered	Reserved	Unexpended Balance Cancelled
Operating:							
Salaries and Wages	\$ 2,200,000.00	\$ 2,200,000.00	\$ 2,005,682.67	\$	\$ 194,317.33	\$	
Other Expenses	8,062,000.00	8,061,600.00	6,589,337.28	142,097.25	1,330,165.47		
Health Benefits	710,000.00	710,000.00	615,000.00		95,000.00		
Insurance - Other	115,000.00	115,000.00	115,000.00				
Capital Improvements:							
Capital Improvement Fund	5,000.00	5,000.00	5,000.00				
Capital Outlay	260,000.00	260,000.00	180,827.14		79,172.86		
Debt Service:							
Payment of Bond Principal	813,000.00	813,000.00	813,000.00				91,336.38
Interest on Bonds	255,455.00	255,455.00	164,118.62				23,617.85
Loan Repayments for Principal and Interest	265,000.00	265,000.00	241,382.15				
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	103,000.00	103,000.00	103,000.00				
Social Security System (O.A.S.I.)	160,000.00	160,000.00	151,230.95			8,769.05	
Disability Insurance	5,000.00	5,400.00	5,400.00				
	<u>\$ 12,953,455.00</u>	<u>\$ 12,953,455.00</u>	<u>\$ 10,988,978.81</u>	<u>\$ 142,097.25</u>	<u>\$ 1,707,424.71</u>	<u>\$ 114,954.23</u>	
Disbursed			\$ 10,983,978.81				
Due to Water Capital Fund			<u>5,000.00</u>				
			<u>\$ 10,988,978.81</u>				

Ref.

D-6
D-13

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY TRUST ASSESSMENT FUND
STATEMENT OF FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-5

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 14,487.70
Balance, December 31, 2014	D	<u>\$ 14,487.70</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E

COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>REF.</u>	<u>BALANCE</u> <u>December 31, 2014</u>	<u>BALANCE</u> <u>December 31, 2013</u>
<u>ASSETS</u>			
Cash - Treasurer	E - 1	\$ _____	\$ <u>73,613.82</u>
 <u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance	E - 6	\$ _____	\$ 71,157.82
Advanced State Aid	E - 6	_____	<u>2,456.00</u>
	E - 1	\$ <u>_____</u>	\$ <u>73,613.82</u>

TOWNSHIP OF FRANKLIN
FIXED ASSETS

STATEMENT OF GOVERNMENTAL FIXED ASSETS-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
<u>Governmental Fixed Assets</u>		
Buildings	\$ 12,304,960.00	\$ 12,304,960.00
Land	27,590,390.00	26,355,190.00
Equipment	8,604,236.04	8,448,352.29
Vehicles	<u>8,402,029.30</u>	<u>8,429,349.95</u>
	<u>\$ 56,901,615.34</u>	<u>\$ 55,537,852.24</u>
 <u>Reserve</u>		
Investments in Governmental Fixed Assets	<u>\$ 56,901,615.34</u>	<u>\$ 55,537,852.24</u>

See accompanying notes to financial statements.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 1: FORM OF GOVERNMENT AND REPORTING ENTITY

Reporting Entity

The Township of Franklin (the "Township") is managed under a Council-Manager form of government authorized under Plan D of the "Faulkner Act of 1950". This form of government became effective July 1, 1959. The Township is divided into five wards. One councilperson is elected to represent each ward and four others are elected at large to comprise a governing body of nine councilpersons. Effective with the November 5, 2002 general election, the charter was amended to allow for the election of the Mayor by the citizens. The mayoral election was held on November 4, 2003, and the Mayor will begin the four (4) year term on January 1, 2004. This form of government provides for the administrative function of government under the Manager, supported by various department heads and for the legislative function under the Township Council.

Except as noted below, the financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A: 5-5. However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. Accordingly, the financial statements of the Township do not include the operations of the municipal library, the board of education, the sewerage authority, first aid organizations, volunteer fire companies or fire districts.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles ("GAAP").

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is an other comprehensive basis of accounting other than generally accepted accounting principles. 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 accounts for its financial transactions through the separate funds, which differ from the fund structure required by GAAP.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Funds

The accounting policies of the Township conform to the accounting principles applicable to municipalities that have been prescribed by the Division. 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 accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purposes for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A: 4-39, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Affordable Housing
- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Developer's Escrow Fund
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Open Space Trust Fund
- Recreation Trust Fund
- Payroll & Payroll Agency Fund

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Bond and Interest Fund - status of funds transferred to separate accounts for the purpose of paying matured bonds and notes, together with interest thereon.

Capital Lease Purchase Agreements – the Township's participation in capital lease purchase agreements are reflected by the annual appropriation of minimum lease payments within the Township's operating budgets. The terms of the lease, including future minimum lease payments are disclosed in the Note 3. Capital lease payable amounts are recorded within the General Capital Fund. GAAP requires the activity of the capital lease purchase to be recorded in the capital projects fund and the recording of the lease payments in the long-term debt.

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Basis of Accounting

The basis of accounting as prescribed by the Division for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recognized when cash is received, except for statutory reimbursements and grant funds that are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and water utility consumer charges are recorded with offsetting reserves within the Current Fund and Water Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual, are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of water utility consumer charges, which would be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over-expenditures and emergency appropriations. Over-expenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over-expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet.

GAAP does not permit the deferral of over-expenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey Statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library (the "Library") or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the Township, and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Compensated Absences - The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water Utility) fund on a full accrual basis.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

Self-Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased and are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet, with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment purchased by the Water Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Governmental Fixed Assets - New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985. The Township, in conjunction with a third party inventory service, performed a physical inventory and assessment of fixed assets in June 1992. Assets acquired through June 1992 were valued based on actual costs, where available, and other methods including current replacement values and estimated historical costs. The Township records assets acquired subsequent to June 1992 at original costs. The general fixed asset records were updated during fiscal year 2009.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Long-term debt - The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Pronouncements

GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency and the Statement is effective for periods beginning after June 15, 2014.

GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations" in January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations and the Statement is effective for periods beginning after December 15, 2013.

GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" in April 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and is effective for reporting periods beginning after June 15, 2013.

GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability and the Statement should be applied simultaneously with the provisions of Statement 68.

GASB issued Statement No. 72, "Fair Value Measurement and Application" in February 2015. The Statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. Statement 72 is effective for periods beginning after June 15, 2015, with earlier application encouraged.

Use of Estimates – The preparation of the financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of the debt to finance municipal capital expenditures. The Township's Debt is summarized as follows:

Summary of Municipal Debt for Capital Projects

	2014	2013
Issued:		
General:		
Bonds and Notes	\$ 22,352,000.00	\$ 16,657,000.00
Green Trust Program Loans	6,287.42	24,658.37
Energy Lease	974,872.25	1,038,564.86
Somerset County Improvement Authority		
Capital Lease Payable	472,858.30	696,065.89
Open Space Trust:		
Bonds and Notes	16,685,000.00	15,890,000.00
Water Utility:		
Bonds and Notes	10,684,000.00	4,917,000.00
Infrastructure Water Loan	685,844.02	1,162,619.32
Total Issued	<u>51,860,861.99</u>	<u>40,385,908.44</u>
<u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	5,747,918.67	16,154,768.67
Water Utility:		
Bonds and Notes	<u>4,355,383.00</u>	<u>6,830,383.00</u>
Total Authorized But Not Issued	<u>10,103,301.67</u>	<u>22,985,151.67</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u><u>\$ 61,964,163.66</u></u>	<u><u>\$ 63,371,060.11</u></u>

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Summarized below are the Township's individual bond and loan issues, which were outstanding at December 31, 2014 and 2013:

	2014	2013
General Debt:		
\$7,557,000 General Improvements Bonds Series 2007, due in annual installments of \$600,000 to \$832,000 through January 15, 2017, interest at 1.625% to 4.0%	\$ 2,532,000.00	\$ 3,357,000.00
\$10,730,000 General Improvements Refunding Bonds Series 2009, due in annual installments of \$55,000 to \$1,510,000 through May 1, 2017 interest at 3.00% to 5.00%	4,900,000.00	6,800,000.00
\$9,550,000 General Improvements Bonds Series 2010, due in annual installments of \$950,000 to \$1,400,000 through May 15, 2018 interest at 2.00% to 3.50%	5,300,000.00	6,500,000.00
\$9,620,000 General Improvements Bonds Series 2014, due in annual installments of \$500,000 to \$1,000,000 through November 1, 2026 interest at 3.50%	9,620,000.00	
\$308,050 Somerset County Improvement Authority Capital Lease Payable 2012, due in annual installments of \$101,739 to \$103,630 through July 15, 2015 interest at 1.85%	103,630.27	206,310.68
\$609,030 Somerset County Improvement Authority Capital Lease Payable 2012, due in annual installments of \$119,275 to \$124,364 through July 1, 2017 interest at 2.10%	369,228.03	489,755.21
\$15,675,000 Open Space Trust Fund Bonds Series 2007, due in annual installments of \$800,000 to \$1,185,000 through January 15, 2022 interest at 4.00%	2,225,000.00	10,375,000.00
\$8,495,000 Open Space Trust Fund Refunding Bonds Series 2009, due in annual installments of \$25,000 to \$1,355,000 through May 1, 2017 interest at 4.00% to 5.00%	4,105,000.00	5,515,000.00
\$6,795,000 Open Space Trust Fund Refunding Bonds Series 2014, due in annual installments of \$1,110,000 to \$1,355,000 through May 1, 2017 interest at 4.00%	6,795,000.00	5,515,000.00
\$3,560,000 Open Space Trust Fund Bonds Series 2014, due in annual installments of \$200,000 to \$250,000 through November 1, 2029 interest at 1.00% to 3.00%	3,560,000.00	10,375,000.00

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

	2014	2013
Program Loans:		
\$1,132,878.21 Energy Efficient Equipment Lease, due in annual installments of \$19,152.07 to \$111,713.64 through September 7, 2026, interest at 3.7529%	974,872.25	1,038,564.86
\$715.803 Hutcheson Memorial Forest, due in semi annual installments of \$22,442.26 through February 1, 2013, interest at 2.00%		
\$120,134 Bunker Hill Environmental Center due in semi annual installments of \$6,350.29 through March 1, 2015, interest at 2.00%	6,287.42	24,658.37
Total General Debt	981,159.67	1,063,223.23
Utility Debt:		
\$855,000, Infrastructure Water Loan due in annual installments of \$30,000 to \$70,000 through August 1, 2020, interest at 5.00% to 5.25%	360,000.00	410,000.00
\$685,612, Infrastructure Water Loan - Principal Only due in annual installments of \$1,129.66 to \$44,164.70 through February 1, 2020	90,844.02	134,658.84
\$860,000, Infrastructure Water Loan due in annual installments of \$45,000 to \$80,000 through August 1, 2017, interest at 3.00% to %5.00%	235,000.00	305,000.00
\$922,000 Infrastructure Water Loan - Principal Only due in annual installments of \$41,264.37 to \$60,564.82 through February 1, 2018		312,960.48
\$2,575,000 Water Bonds Series 2007, due in annual installments of \$275,000 to \$258,000 through May 15, 2017, interest at 3.75% to 4.0%	774,000.00	1,032,000.00
\$5,440,000 Water Bonds Series 2010, due in annual installments of \$500,000 to \$555,000 through May 15, 2020, interest at 2.00% to 3.50%	3,330,000.00	3,885,000.00
\$6,580,000 Water Bonds Series 2014, due in annual installments of \$300,000 to \$525,000 through November 1, 2029, interest at 1.00% to 3.00%	6,580,000.00	3,885,000.00
Total Utility Debt	11,369,844.02	9,964,619.32
Total Debt Issued and Outstanding	\$ 12,351,003.69	\$ 11,027,842.55

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Summary of Statutory Debt Condition – Annual Debt Statement

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

<u>2014</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 32,216,274.00	\$ 32,216,274.00	\$
Water Utility Debt	15,725,227.02	15,725,227.02	
General Debt	46,238,936.64	17,035,470.13	29,203,466.51
	<u>\$ 94,180,437.66</u>	<u>\$ 64,976,971.15</u>	<u>\$ 29,203,466.51</u>

Net Debt, per above, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as Amended below, of:
\$ 8,909,445,283.00 0.328%

<u>2013</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 36,240,733.00	\$ 36,240,733.00	\$
Water Utility Debt	12,910,002.32	12,910,002.32	
General Debt	50,307,307.79	16,250,470.13	34,056,837.66
	<u>\$ 99,458,043.11</u>	<u>\$ 65,401,205.45</u>	<u>\$ 34,056,837.66</u>

Net Debt, per above, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as Amended below, of:
\$9,059,558,985.00 = 0.376%

The Township's Borrowing Power Available under N.J.S.A. 40A:2-6, as Amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3 1/2% of Equalized Valuation Basis	\$ 311,830,584.91	\$ 317,084,564.48
Net Debt	29,203,466.51	34,210,587.66
Remaining Borrowing Power	<u>\$ 282,627,118.40</u>	<u>\$ 282,873,976.82</u>

Net Debt per above, divided by Equalized Valuation Basis per N.J.S.A. as Amended below, of:
2014 2013

Borrowing Power Available Under R.S. 40:1-16(d)
(Which is Available Only When the Percentage of
Net Debt Exceeds 3 1/2%)

Balance of Debt Incurring Capacity as of
December 31, 2011 R.S. 40:1-16(d) on Annual
Debt Statement

\$	<u>115,461.85</u>	\$	<u>115,461.85</u>
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Remaining Balance of Debt Incurring Capacity
Under 30 R.S. 40:1-16(d) at December 31, 2012

\$	<u>115,461.85</u>	\$	<u>115,461.85</u>
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TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Capital Lease Purchase Agreement with the Somerset County Improvement Authority (S.C.I.A.)

As part of the Township's capital programs, the Township entered into a lease agreement with the Somerset County Improvement Authority, (S.C.I.A.), under which the S.C.I.A. provides certain capital equipment to the Township. The S.C.I.A. finances the cost of the equipment through the issuance of County-Guaranteed Capital Equipment Lease Revenue Bonds. The agreements require annual lease rental payments to the S.C.I.A. equal to debt service requirements and certain administrative expenses. The Township, by ordinance, authorizes its unconditional guaranty of the principal, redemption premium, if any, and interest on these County-Guaranteed Capital Equipment Lease Revenue Bonds.

The following are schedules of the future lease payments under the respective lease purchase agreements, and the present value of the net minimum lease payments at December 31, 2014:

2012 Capital Equipment Lease Agreement - \$308,050.00

	<u>Year Ended December 31</u>	<u>Amount</u>
	2015	<u>105,547.43</u>
Total Minimum Lease Payments		105,547.43
Less: Amount Representing Interest		<u>1,917.16</u>
Present Value of Net Minimum Lease Payments		<u><u>\$103,630.27</u></u>

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

2012 Capital Equipment Lease Agreement - \$609,030.00

	<u>Year Ended December 31</u>	<u>Amount</u>
	2015	129,546.51
	2016	128,267.68
	2017	<u>126,975.41</u>
Total Minimum Lease Payments		384,789.60
Less: Amount Representing Interest		<u>15,561.57</u>
Present Value of Net Minimum Lease Payments		<u><u>\$369,228.03</u></u>

Green Trust Program Loans

The Township has contracted with the State of New Jersey Department of Environmental Protection for a Green Trust Program Loan under the provisions of the New Jersey Green Acres Bond Act of 1983 (Ch. 354, P.L. 1983), and the Green Acres Bond Act of 1978 (Ch. 444, P.L. 1979) to fund a portion of the costs incurred in the acquisition of the Hutcheson Memorial Forest southern Buffer and cost incurred for the Bunker Hill Environmental Center Project. Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. The loan principal in the amount of \$6,287.42 and \$24,658.37 at December 31, 2014 and 2013, respectively has been included in the calculation of the Township's statutory debt condition.

Energy Lease Payable

In connection with a program to promote energy saving initiatives, the Township entered into an energy lease in the amount of \$1,091,900.00, which also included capitalized interest of \$40,978.21. The energy lease runs through the year 2026 at an interest rate of 3.7529%. Total payments are scheduled to be \$1,471,568.01, which includes interest payable of \$379,668.13 in total.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Calculation of "Self-Liquidating Purpose"
Water Utility Per N.J.S.A. 40A: 2-45

The calculation of "Self-Liquidating Purpose" for the Water Utility, per N.J.S.A. 40A: 2-45 is as follows:

	<u>2014</u>	<u>2013</u>
Cash Receipts from Fees, Rents of Other Charges for Year	\$ 15,804,701.42	\$ 14,302,816.35
Deductions:		
Operating and Maintenance Costs	11,355,000.00	11,162,543.17
Debt Service	<u>1,218,500.77</u>	<u>1,193,841.76</u>
Total Deductions	<u>12,573,500.77</u>	<u>12,356,384.93</u>
Excess in Revenues	<u>\$ 3,231,200.65</u>	<u>\$ 1,946,431.42</u>

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Deduction of Self-Liquidating Utility Debt for
Statutory Net Debt – Water Utility per N.J.S.A. 40A: 2-45

The differences between the excess in revenues for debt statement purposes and the statutory cash basis for the Water Utility Fund are as follows:

	2014	2013
Excess in Revenues - Cash Basis (D-1)	\$ 3,504,474.30	\$ 2,045,936.51
Add: Capital Improvements	265,000.00	250,000.00
Other Deductions to Operations	26,123.15	77,581.44
	<u>3,795,597.45</u>	<u>2,373,517.95</u>
Loss: Reserves Canceled	564,396.80	417,702.36
Other Additions to Operations	<u>-</u>	<u>9,384.17</u>
	564,396.80	427,086.53
Excess Revenue	<u><u>\$ 3,231,200.65</u></u>	<u><u>\$ 1,946,431.42</u></u>

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

SFY YEAR	GENERAL*		WATER UTILITY	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2015	\$ 4,410,000.00	\$ 597,424.58	\$ 1,113,000.00	\$ 274,248.02
2016	4,180,000.00	465,705.00	1,138,000.00	246,748.75
2017	4,362,000.00	314,715.00	1,163,000.00	215,141.25
2018	2,150,000.00	205,125.00	930,000.00	187,056.25
2019	750,000.00	171,250.00	955,000.00	162,943.75
2020	750,000.00	156,250.00	980,000.00	135,518.75
2021	750,000.00	141,250.00	455,000.00	117,306.25
2022	1,000,000.00	118,750.00	475,000.00	103,656.25
2023	1,000,000.00	98,750.00	475,000.00	94,156.25
2024	1,000,000.00	77,500.00	475,000.00	84,062.50
2025	1,000,000.00	55,000.00	475,000.00	73,375.00
2026	1,000,000.00	30,000.00	475,000.00	61,500.00
2027			525,000.00	47,250.00
2028			525,000.00	31,500.00
2029			525,000.00	15,750.00
	<u><u>\$ 22,352,000.00</u></u>	<u><u>\$ 2,431,719.58</u></u>	<u><u>\$ 10,684,000.00</u></u>	<u><u>\$ 1,850,213.02</u></u>

* The "Green Trust Program Loans "Water Supply Loan" annual debt service is not included in the above schedule.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

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

YEAR	OPEN SPACE PRINCIPAL	INTEREST	TOTAL PRINCIPAL	INTEREST
2015	\$ 2,660,000.00	\$ 552,625.00	\$ 8,183,000.00	\$ 1,424,297.60
2016	2,715,000.00	466,150.00	8,033,000.00	1,178,603.75
2017	2,670,000.00	357,775.00	8,195,000.00	887,631.25
2018	1,345,000.00	276,850.00	4,425,000.00	669,031.25
2019	1,390,000.00	228,687.50	3,095,000.00	562,881.25
2020	1,385,000.00	178,187.50	3,115,000.00	469,956.25
2021	1,385,000.00	127,787.50	2,590,000.00	386,343.75
2022	1,385,000.00	74,887.50	2,860,000.00	297,293.75
2023	250,000.00	47,187.50	1,725,000.00	240,093.75
2024	250,000.00	41,875.00	1,725,000.00	203,437.50
2025	250,000.00	36,250.00	1,725,000.00	164,625.00
2026	250,000.00	30,000.00	1,725,000.00	121,500.00
2027	250,000.00	22,500.00	775,000.00	69,750.00
2028	250,000.00	15,000.00	775,000.00	46,500.00
2029	250,000.00	7,500.00	775,000.00	23,250.00
	<u>\$ 16,685,000.00</u>	<u>\$ 2,463,262.50</u>	<u>\$ 49,721,000.00</u>	<u>\$ 6,745,195.10</u>

Loan Agreements
Department of Environmental Protection
Green Trust Programs Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred in the acquisition of the Hutcheson Memorial Forest Southern Buffer and the Bunker Hill Environmental Center Development. Information relating to these loans is as follows:

Loan # 2

Draw down Date	3/30/95, 11/29/01
Loan Amount	\$144,756.14
Interest Rates	2.00%
Due Dates	Sept. 1 & Mar. 1
Number of Payments	26
Final Payment Date	3/15/2015
Semi-Annual Payments	\$12,700.58

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Department of Environmental Protection
Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Water Main Cleaning and Cement Lining Project. Information relating to these loans is as follows:

	Loan # 1	Loan # 2	Loan # 3	Loan # 4
Draw down Date	11/9/2000	11/9/2000	10/15/2002	10/15/2002
Loan Amount	\$855,000.00	\$685,612.00	\$860,000.00	\$922,000.00
Interest Rates	Various	0.00%	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Feb. 1 & Aug. 1	Aug. 1 & Feb. 1	Feb. 1 & Aug. 1
Number of Payments	19	19	16	28
Final Payment Date	08/01/20	08/01/17	08/01/17	08/01/14

Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the combined outstanding principal of these loans has been scheduled in the calculation of the Township's statutory debt condition.

E. Refinancing - The Township, via ordinance, authorized the sale of refunding bonds (the "Refunding Bonds") in order to advance refund all or a portion of the outstanding Open Space Bonds dated January 15, 2007 and maturing on January 15 in the years 2017 through 2022, inclusive (the "Refunded Bonds"), which Refunded Bonds are part of a series of bonds dated originally issued in the aggregate principal of \$15,675,000. The total of the Refunding Bonds issued, dated July 24, 2014, amounted to \$6,795,000 to affect the refunding of the Refunded Bonds in the amount of \$7,075,000.

The proceeds of the Refunding Bonds will be used to advance refund the Refunded Bonds at a redemption price of 100% of the principal amount thereof. The Refunding Bonds will be used to pay: (i) when due, the interest accrued on the Refunded Bonds through and including the date the Refunded Bonds are called; (ii) the redemption price of the Refunded Bonds on the call date; and (iii) the costs associated with the issuance of the Refunding Bonds.

The Refunding Bonds bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of January and July, commencing January 15, 2015, in each of the years and at the interest rate of 4.00%, while yields, which reflect premiums or discounts, ranged from 0.540% to 2.150%. Net Present value savings amounted to \$321,626.75 or 4.545961% of the Refunded Bonds.

The Net Interest Cost (NIC) on the Refunding Bonds was 1.814948%. The proceeds of the sale of \$7,572,179.05 includes a premium of \$777,179.05 and deductions of \$94,372.50 for underwriting fees and other costs associated with the issuance of the Refunding Bonds, for a net proceed amount, excluding additional proceeds of \$1,849.82, of \$7,475,956.73, which was deposited to an irrevocable trust with an escrow agent. The Refunded Bonds are considered to be defeased and have been removed from the Township's reported debt. The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$280,000.00, which difference was offset to deferred charges funded.

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in their own respective funds for the succeeding years were as follows:

	<u>Fund Balance</u> <u>December 31, 2014</u>	<u>Utilized in</u> <u>Succeeding Year's Budget</u>
Current Fund	\$ 18,107,752.02	\$ 4,922,430.05
Water Utility Operating Fund	3,827,058.25	-

	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Utilized in</u> <u>Succeeding Year's Budget</u>
Current Fund	\$ 18,060,339.94	\$ 5,839,320.49
Water Utility Operating Fund	2,126,038.95	1,803,455.00

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014 and 2013, the deferred charges of the Township of Franklin required to be raised in succeeding budgets were as follows:

Emergency Authorizations (N.J.S.A. 40A: 4-46)	\$	-	\$	-
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Note 6: DEFERRED COMPENSATION

The Township has instituted a Deferred Compensation Plan (the "Plan") pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the New Jersey Statutes. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Township has engaged a private contractor to administer the Plan.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 7: DEPOSITS AND INVESTMENTS

New Jersey Statutes set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management plan.

Deposits

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey Statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. This statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with GUDPA. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks, the deposits of which are Federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

At December 31, 2014 and 2013, cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2014</u>	<u>2013</u>
Cash (Demands Accounts)	\$ 100,937,587.43	\$ 82,084,262.77
Change Funds (On-Hand)	<u>1,255.00</u>	<u>1,255.00</u>
Total	<u>\$ 100,938,842.43</u>	<u>\$ 82,085,517.77</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2014, the carrying amount of the Township's deposits was \$97,701,187.46 and the bank balance was \$100,937,107.82. Of the total bank balance, \$1,099,658.48 was covered by Federal depository insurance and \$99,837,449.34 was covered under the provisions of GUDPA.

At December 31, 2014, the Township has implemented the disclosure requirements of GASB No. 40 "Deposits and Investment Risk Disclosures" (GASB 40), and accordingly, the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent, but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.

Concentration of Credit Risk – This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments, except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy. The New Jersey Cash Management Fund is not rated.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2013, based upon the insured balances provided by the FDIC and GUDPA coverage, no amounts of the Township's bank balance was considered exposed to custodial credit risk.

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
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 such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Township or bonds or other obligations of School Districts of which the Township is a part and within which the School District is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of 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. 1997, c. 281 (C.52:18A-90.4); or

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

8. Agreements for the repurchase of fully collateralized securities, if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund (the "Fund") – All investments in the Fund are governed by the regulations of the Investment Council (the "Council"), which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. To date, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2013, the Township had no deposits with the Fund. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing, originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remains unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey Property Tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector semi-annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14. The statutory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

Note 9: PENSION AND RETIREMENT PLANS

Employees of the Township are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System ("PERS") or the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the Plans. The Plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The Plans, which cover public employees throughout the State, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township, who are members of the plan are not available. Employees enrolled in the PERS system contributed 6.78% of covered pay during the first half of 2014, then 6.92% of covered pay through to the 2014 year-end. Additional increases of 0.14% per annum will continue each July, until the contribution rate reaches 7.5% in July 2018, which last increase is scheduled to be 0.16%. Employees enrolled in the PFRS system were required to contribute 10% of covered pay during 2013. The Township's employer contributions in 2014 and 2013 were \$969,457.00 and \$1,021,818.29 for PERS and \$2,262,629 and \$2,480,689.00 for PFRS, respectively, which amounts to the Township's required pension contributions that are remitted on a quarterly basis.

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

Note 10: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – HEALTHCARE BENEFITS

The Township provides health benefits to its employees through a premium-based traditional risk transfer employee health insurance program. Benefit provisions for the Township are established and amended through negotiations between the Township and the respective unions, along with prior negotiated contracts. This is the second year in which the Township is recognizing its postemployment healthcare plan benefit costs based upon the implementation requirements of GASB Statement No. 45. GASB 45 requires a bi-annual actuarial valuation of the Township's annual postemployment benefit ("OPEB") cost (expense), resulting in a two-year cycle for the update of the presented information.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

The Township's OPEB cost (expense) is calculated based on the annual required contributions of the employer ("ARC"), an amount actuarially determined in accordance with the parameters espoused in GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the OPEB and the Township's net OPEB obligation. For 2014, the Township's annual OPEB cost (expense) is \$10,131,300.00, whereas the ARC was calculated as \$11,021,100.00.

	12/2014 Total	12/2012 Total	12/2010 Total
Net OPEB Obligation - Beginning of Year	\$ 49,920,600.00	\$ 31,854,300.00	\$ 20,959,100.00
Annual OPEB Cost	10,131,000.00	11,131,300.00	12,693,200.00
Less: Contributions	<u>(1,840,100.00)</u>	<u>(2,066,500.00)</u>	<u>(1,798,000.00)</u>
Net OPEB Obligation - End of Year	<u>\$ 58,211,500.00</u>	<u>\$ 40,919,100.00</u>	<u>\$ 31,854,300.00</u>

The funded status of the OPEB for the Township as of December 31, 2014, is as follows:

	Total
Actuarial accrued liability (AAL)	\$ 113,718,400.00
Actuarial value of plan assets	
Unfunded actuarial accrued liability (UAAL)	<u>\$ 113,718,400.00</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	\$23,776,854
UAAL as a percentage of covered payroll	478.88%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Estimates include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

A projection of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

In the July 1, 2008 actuarial valuation, the projected unit cost method was used. A rate of 4.00% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of 30 years.

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Township has established uniform personnel policies via employee contracts and municipal ordinances that set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave - Sick Leave shall accumulate at the rate of one (1) day per month for all permanent employees and shall be cumulative from year to year to a maximum of 110 days. Upon retirement or death after 10 years of service, the employee or his/her survivor is entitled to receive full payment for any unused accumulated sick leave up to 110 days computed on the basis of final wages. Effective January 1, 1988, allowable accumulations for the Township police officers enrolled in the PFRS increase by 10% per year of the total days accumulated from a zero base as of the effective date of enrollment to 100% of the maximum allowed.

Vacations - Vacation pay for permanent employees accumulates in accordance with the approved schedules. Vacation days may be taken in year earned, but not to exceed the number of days earned at time of vacation. Earned vacation may be accumulated up to two (2) years of current vacation credits. Any employee who has separated his/her employment may be paid the salary equivalent to accrued vacation earned, not to exceed more than two (2) years of current vacation credits earned.

The Township maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. The cost of such unpaid sick and vacation pay calculated, using applicable capped payout limitations, is calculated at \$5,189,512.25 and \$5,323,857.59 as at December 31, 2014 and 2013. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. The Township has not discounted the total based upon a study of utilization by employees separating from service, nor has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 12: LEASES

The Township, currently leases a parcel of land to the Franklin Villagers Barn Theater (the "Lessee"). This lease, originally dated September 26, 1989, was amended on September 29, 1997. The term of this lease, as amended, is for forty years, which commenced on August 1, 1997 and will terminate on July 31, 2017, unless sooner terminated by a breach of the terms and conditions of the lease, or by an abandonment of the premises by the Lessee. The Lessee shall pay rent to the Township for the use and occupancy of the demised premises on the first day of each and every calendar month, in the amount of \$86.82 which consists of principal and interest, for twenty years beginning on August 1, 1997. The Lease is for \$12,621.00 with an interest rate of 5.5%. The future annual operating lease payments due over the remaining term of the lease and the present value of net minimum lease payments at December 31, 2012 are as follows:

Year Ended December 31,	Amount
2015	\$ 1,041.82
2016	1,041.82
2017	607.73
Total Minimum Lease Payments	2,691.37
Less: Amount Representing Interest	187.79
Present Value of Net Minimum Lease Payments	<u>\$ 2,503.58</u>

Note 13: RISK MANAGEMENT

The Township maintains a self-insurance risk management program for claims relating to Automobile Collision Liability (Township Only), Eyeglass Liability and Disability Liability. The Township retains all risks associated with Collision Liability, for Township vehicles only, and Eyeglass Liability, and retains all risks for the second and third months only for Disability Liability. In addition, the Township maintains a reserve for environmental impairment.

The Township continued to carry commercial insurance for other risks of loss, including workers' compensation and employee health and accident insurance through December 31, 2014. In addition, the Township had established a self insured Worker's Compensation fund in 1990, which combines risk retention and reinsurance coverage for claims relating to statutory Workers' compensation.

For the year ended December 31, 2014, the Township obtained specific excess insurance coverage as follows:

Company's Limit of Indemnity Each Occurrence	\$ 1,000,000.00
Worker's Compensation & Employer's Liability Combined	\$10,000,000.00

The Township has engaged an outside service company to service as administrator of the workers' compensation program. Loss reserves are established by the administrator for estimated benefits and expenses for reported claims.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Established reserves are subject to change, as facts and circumstances relating to claims dictate and no provision is made for estimated losses relating to costs incurred but not reported. At December 31, 2014, the administrator had established an estimated reserve requirement for reported claims in the amount of \$427,632.85.

Changes in the Self-Insurance Fund reserves, the Workmen's Compensation Fund reserve and the Environmental/Impairment reserve at December 31, 2014 and 2013 were:

2014

	Balance December 31, 2013	Increase To Reserves	Decrease To Reserves	Balance December 31, 2014
Other Insurance Reserves	\$ 263,375.66	\$ 70,136.72	\$ 87,087.81	246,424.57
Worker's Compensation	640,689.22	159,692.45	139,034.52	661,347.15
Environmental Impairment	97,162.58	2,231.47		99,394.05

2013

	Balance December 31, 2012	Increase To Reserves	Decrease To Reserves	Balance December 31, 2013
Other Insurance Reserves	\$ 295,081.50	\$ 40,261.70	\$ 71,967.54	263,375.66
Worker's Compensation	641,167.11		477.89	640,689.22
Environmental Impairment	97,162.58			97,162.58

The Township, together with other governmental units, is a member of the Central Jersey Joint Insurance Fund (the "CJ JIF"). The Joint Insurance Fund (the "JIF"), which is organized and operated pursuant to the regulatory authority of the Department of Insurance and Community Affairs, State of New Jersey, provides for the pooling of risks, subject to established limits and deductibles. Payments to the JIF are calculated by the CJ JIF's governing board based upon actuarial and budgetary requirements. Each participant in the CJ JIF is jointly and severally obligated for any deficiency in the amount available to pay all claims. (The JIF insures against property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and workers compensation). Additional assessments or premiums can be levied by the CJ JIF to assure payment of the JIF's obligations. The JIF's governing board based upon actuarial and budgetary requirements calculates payments to the CJ JIF. (The JIF contracts for excess liability insurance for property damage, general liability, auto liability, equipment liability, public official liability, law enforcement liability and worker's compensation). At December 31, 2014, the CJ JIF reported for all years' combined, total assets of \$18,081,092.04, liabilities and reserves of \$13,729,120.77, which includes case and IBNR reserves of \$13,121,859.86, and an unrestricted net position balance of \$4,352,802.23. See Note 15 - Commitments and Contingencies with respect to the Township's participation in the CJ JIF. The Township continues to carry commercial insurance for other risks of loss, principally employee health insurance.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

New Jersey Unemployment Compensation Insurance – The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this method, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Following is a summary of Township appropriations; interest earning and remittances to the State are as follows:

Year End	Township Appropriation	Earnings/Employee	
		Contributions / Remittance	Ending Balance
CY 2014	\$	\$ (21,937.94)	\$ 1,355,672.00
CY 2013		74,327.18	1,377,609.94
CY 2012	500,000.00	38,881.49	1,451,937.12
TY 2011	500,000.00	30,283.54	990,818.61
SFY 2011	500,000.00	208,668.36	521,102.15
SFY 2010	291,000.00	133,913.59	229,269.39
SFY 2009		35,375.36	71,992.93
SFY 2008		5,616.82	107,368.29
SFY 2007		21,182.65	139,954.61

Established reserves are subject to change, as facts and circumstances relating to claims dictate and no provision is made for estimated losses relating to costs incurred but not reported. At December 31, 2014, the administrator had established an estimated reserve requirement for reported claims in the amount of \$332,776.47.

Note 14: COMMITMENTS AND CONTINGENCIES

The Township participates in various Federal and State financial assistance grant programs ("programs"). Entitlement to the programs is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014, the Township believes that it is in compliance with Federal and State laws and regulations, as well as grantor requirements.

As a constituent member of the CJ JIF, the Township, together with other members of the CJ JIF, is jointly and severally responsible for the timely payment of Supplemental Assessments levied with the approval of the CJ JIF Commissioners. At December 31, 2014, the CJ JIF had outstanding Supplemental Assessments Receivable in the amount of \$6,742,595.00, which were levied and are due in ten equal installments to its members.

The Supplemental Assessments were established as receivables from the constituent members in the same proportion as the original assessments for each Loss Year levied. At December 31, 2014, it is estimated Township will be required to make additional payments to the CJ JIF or forego dividend payments, if any should be declared from 2015 through 2023 in the total amount of \$337,306.00 for its allocated share of the Supplemental Assessments.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

The Township is involved in various legal matters arising in the ordinary course of conducting business. Management and legal counsel do not believe that the resolution of these matters will have a material adverse effect on the Township's financial position. There are various commercial tax appeals pending before the Tax Court. At December 31, 2014, the Township has \$2,792,260.18 available for this purpose in a special reserve and has appropriated \$500,000.00 in the 2015 budget, which may be utilized to the extent available.

Note 15: INTERFUNDS

The following interfund balances remained on the balance sheet at December 31, 2014:

Current Fund	\$ 2,106,077.79	\$ 2,698,010.87
Grant Fund	14,094.01	
Animal Control		1,755.27
Trust - Other	1,558,563.68	
Self-Insurance	49,261.10	
Open Space Trust		884,068.88
Workers' Compensation	50,000.00	
Recreation Trust		1,580.65
Payroll and Payroll Agency		363,418.15
General Capital	1,907,442.08	
Water Operating	131,208.87	1,751,092.54
Water Assessment	14,487.70	
Water Capital		131,208.97
	<u>\$ 5,831,135.23</u>	<u>\$ 5,831,135.33</u>
Totals		

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to fund the appropriation and the statute or budget to expend them.

TOWNSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Note 16: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2014 through June 26, 2014, the date the financial statements were available to be issued. Based on this evaluation the Township has determined that the following event requires disclosure in the Township's financial statements:

The Township authorized the following ordinances in 2015:

Ord No.	Description	Total Authorized	Bonds and Notes Authorized
4170-15	2015 Road Resurfacing Program	\$ 2,550,000.00	\$ 2,422,500.00
4108-15	Various Capital Improvements	\$1,466,000.00	\$ 1,394,400.00
4109-15	Various Capital Improvements for the Water Utility	\$1,033,000.00	\$ 1,033,000.00
4110-15	Acquisition of Vehicles and Safety Equip.	\$450,000.00	\$
4111-15	Improvements to and Equipment Acquisitions for Various Parks Appropriating Open Space Trusts Funds	\$1,037,000.00	\$

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2014

A-4

	Ref.	Current Fund	Grant Fund
Balance, December 31, 2013	A	\$ 30,464,766.09	\$ 1,118,194.87
Increased by Cash Receipts			
Miscellaneous Revenue Not Anticipated	A-2	\$ 836,088.99	\$
Other Miscellaneous Receipts	A-8	39,028.30	
Miscellaneous Anticipated Revenue	A-8	13,267,146.10	
Prepaid Taxes	A-7	1,583,670.29	
Taxes Receivable	A-7	204,195,690.94	
Tax Title Liens Receivable	A-7	120,644.96	
Due NJ Sr. Citizens and Veterans Deductions	A-6	373,871.26	
Miscellaneous Accounts Payable & Reserves	A-9	700,722.59	
Petty Cash Returned	A-5	1,650.00	
Tax Overpayments	A-10	920,021.88	
Interfunds (Net)	A-16		71,472.20
Grants Receivable	A-14		594,708.47
Grants Unappropriated	A-17		51,604.80
Total Cash Receipts		222,038,535.31	717,785.47
Decreased by Disbursements			
Budget Appropriations	A-3	(45,050,783.12)	
Tax Overpayments	A-10	(946,878.28)	
Taxes Payable	A-11	(169,745,109.07)	
Interfunds (Net)	A-12	(839,099.03)	
Appropriation Reserves	A-13	(948,136.16)	
Miscellaneous Accounts Payable & Reserves	A-9	(2,910,655.47)	
Petty Cash Advanced	A-5	(1,650.00)	
Grant Appropriations	A-15		(670,718.99)
Total Cash Disbursements		(220,442,311.13)	(670,718.99)
Balance, December 31, 2014	A	\$ 32,060,990.27	\$ 1,165,261.35

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF PETTY CASH AND CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

A-5

	Balance December 31, 2013	Advanced	Returned	Balance December 31, 2014
Change Funds:				
Collector	\$ 400.00	\$	\$	400.00
Township Clerk	125.00			125.00
Municipal Court	100.00			100.00
Health Department	100.00			100.00
Land Use - Engineering	25.00			25.00
Police Records Clerk	75.00			75.00
Public Works	330.00			330.00
Recreation	100.00			100.00
Petty Cash Funds:				
Finance		500.00	500.00	
Police		500.00	500.00	
Public Works		400.00	400.00	
Recreation		250.00	250.00	
	<u>\$ 1,255.00</u>	<u>\$ 1,650.00</u>	<u>\$ 1,650.00</u>	<u>\$ 1,255.00</u>

Ref.

A

A-4

A-4

A

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF DUE TO NEW JERSEY - SENIOR CITIZENS AND
VETERANS DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

A-6

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$ 17,604.58
Increased by:			
Sr. Citizens & Vet. Deductions - Original Levy	A-6	384,000.00	
Deductions Allowed by Tax Collector - Current Year	A-6	7,375.00	
Deductions Allowed by Tax Collector - Prior Year	A-1	<u>4,000.00</u>	
Total Increases			395,375.00
Decreased by:			
Cash Received from State of NJ	A-4	(373,871.26)	
Deductions Disallowed by Tax Collector - Current Year	A-6	(1,875.00)	
Deductions Disallowed by Tax Collector - Prior Year	A-1	<u>(16,378.77)</u>	
Total Decreases			<u>(392,125.03)</u>
Balance, December 31, 2014	A		<u>\$ 20,854.55</u>
<u>Analysis of Realized Revenues:</u>			
Sr. Cit. And Vets. Deduction per Tax Billing	A-6	\$ 384,000.00	
Add: 2014 Deductions Allowed	A-6	7,375.00	
Less: 2014 Deductions Disallowed	A-6	<u>(1,875.00)</u>	
Realized Revenue - 2014	A-7		<u>\$ 389,500.00</u>
<u>Analysis of Senior Citizens/Veterans Reimbursement by State (P.L. 1976, c.73):</u>			
Funds Received from State of New Jersey		\$ 381,348.68	
Less: Administrative Fee		<u>(7,477.42)</u>	
			<u>\$ 373,871.26</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND LEVY ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

A-7

Year	Balance, December 31, 2013	Added Taxes and Levy	Collected		State Veterans' and Senior Citizens' Deductions	Transferred to Tax Title Liens	Adjustments and Canceled	Balance, December 31, 2014
			Prepaid	1/1/14 - 12/31/14				
Arrears	\$ 44,303.22	\$	\$	\$ (1,825.77)	\$	\$	\$ (6,462.23)	\$ 52,591.22
2010	4,658.02							4,658.02
2011	13,951.43							13,951.43
TY 2011	16,514.16							16,514.16
2012	35,701.71			496.11			(23.98)	35,229.58
2013	3,051,559.01			2,375,777.92			627,220.95	48,560.14
2014		206,780,996.55	1,471,195.66	201,821,242.68	389,500.00	58,626.11	271,112.08	2,769,320.02
	\$ 3,166,687.55	\$ 206,780,996.55	\$ 1,471,195.66	\$ 204,195,690.94	\$ 389,500.00	\$ 58,626.11	\$ 891,846.82	\$ 2,940,824.57
Ref	A	Below	A	A-4	A-6		Reserve	A
Analysis of 2014 Property Tax Levy:								
General Purpose Tax:								
General Property Tax		\$ 206,043,242.83				\$ 218,996.20		
Added Taxes		737,753.72				58,626.11		
		\$ 206,780,996.55						
Tax Levy:								
Local District School Tax Levy	A-11	\$ 128,277,241.00						
County Tax	A-11	27,925,897.41						
County Open Space	A-11	2,645,835.23						
County Added and Omitted	A-11	109,500.43						
Fire Special District Taxes	A-11	6,311,104.00						
Municipal Open Space Levy	A-11	4,475,531.00						
		\$ 169,745,109.07						
Local Taxes:								
Municipal Purposes	A-2	33,359,598.00						
Library	A-2	2,939,530.98						
		36,299,128.98						
Added taxes		736,758.50						
		\$ 206,780,996.55						
Delinquent Collections:								
Prior Year Taxes								
Tax Title Liens								
		37,035,887.48						
		\$ 206,780,996.55						

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLES AND MISCELLANEOUS REVENUES NOT ANTICIPATED
FOR THE YEAR ENDED DECEMBER 31, 2014

A-8

	<u>December 31, 2013</u>	<u>Accrued/ Adjustments</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Adjustments</u>	<u>December 31, 2014</u>
Revenue Accounts Receivable:						
Non-Budgetary:						
Collector Receivables:						
SID Receivable - (Net)	\$ 43,079.88	\$ 337.23	\$ (39,028.30)	\$	\$	4,388.81
Ordinance 181 - Grass & Weeds	32,465.98	36,584.02	(45,142.36)			23,907.64
Ordinance 1844 - Maintenance/Demolition		783,469.21	(783,469.21)			
Departmental Receipts						
	<u>75,545.86</u>	<u>820,390.46</u>	<u>(867,639.87)</u>			<u>28,296.45</u>
Total	<u>\$ 75,545.86</u>	<u>\$ 820,390.46</u>	<u>\$ (867,639.87)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 28,296.45</u>
	A					A

Analysis of Miscellaneous Revenues:

Revenues Transferred from Reserves	\$ 751,011.75
Current Year Revenue Collections	13,267,146.10
Subtotal	<u>14,018,157.85</u>
Grant Revenues Realized	<u>769,933.17</u>
	<u>\$ 14,788,091.02</u>

Miscellaneous Revenues Not Anticipated:

Miscellaneous Departmental Receipts	\$ 783,469.21
Senior Citizen/Veterans Administrative Fee	7,477.42
Ordinance 181 - Grass & Weeds	<u>45,142.36</u>
Miscellaneous Revenues Not Anticipated	836,088.99
Other Receivables Collected	<u>39,028.30</u>
	<u>\$ 875,117.29</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

A-9

	Balance, December 31, 2013	Transfer To/(From)	Cash Receipts	Cash Disbursements	Adjustments	Balance, December 31, 2014
Accounts Payable:						
Vendor Accounts Payable	\$ 1,494,939.63	\$ 400,645.12	\$	\$ (554,390.15)	\$	\$ 1,341,194.60
Third Party Elevator Inspections Fees	18,590.00					18,590.00
Marriage License Filing Fees	2,605.00		10,445.00	(10,900.00)		2,150.00
State Training Fees			217,363.00	(168,922.00)		48,441.00
Subtotal	<u>1,516,134.63</u>	<u>400,645.12</u>	<u>227,808.00</u>	<u>(734,212.15)</u>		<u>1,410,375.60</u>
Reserve for:						
Rescue Squad Funds	8,560.00					8,560.00
Sale of Municipal Assets	281,031.24	(281,031.24)	295,990.00			295,990.00
Police Harley	2,456.00					2,456.00
Insurance Claims	20,000.00			(20,000.00)		
Tax Appeals	2,893,791.10	2,000,000.00		(2,101,530.92)		2,792,260.18
Special District Levy	82,784.92	39,028.30		(54,912.40)	117,416.47	184,317.29
Reserve for Library	88,230.13					88,230.13
Superstorm Sandy - FEMA Reimbursement	463,980.51	(469,980.51)	176,924.59			170,924.59
Subtotal	<u>3,840,833.90</u>	<u>1,288,016.55</u>	<u>472,914.59</u>	<u>(2,176,443.32)</u>	<u>117,416.47</u>	<u>3,542,738.19</u>
Total	<u>\$ 5,356,968.53</u>	<u>\$ 1,688,661.67</u>	<u>\$ 700,722.59</u>	<u>\$ (2,910,655.47)</u>	<u>\$ 117,416.47</u>	<u>\$ 4,953,113.79</u>

Ref.

A

A-1, A-3, A-8, A-13

A-4

A-4

A-1

A

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF PROPERTY TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

A-10

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Prior Year</u>
Balance, December 31, 2013	A	\$ 98,288.36	\$	\$ 98,288.36
Cash Receipts - Tax Overpayments	A-4	920,021.88	312,536.64	607,485.24
Cash Payments - Refunds	A-4	(946,878.28)	(241,110.43)	(705,767.85)
Balance, December 31, 2014	A	<u>\$ 71,431.96</u>	<u>71,426.21</u>	<u>\$ 5.75</u>

TOWNSHIP OF FRANKLIN
CURRENT FUND

SCHEDULE OF TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

A-11

	Balance, December 31, 2013	Taxes Levied	Cash Disbursements	Adjustments	Balance, December 31, 2014
County - General	\$	\$ 27,925,897.41	\$ (27,925,897.41)	\$	\$
County - Open Space		2,645,835.23	(2,645,835.23)		
County - Added & Omitted	264,566.99	109,500.43	(109,500.43)	(264,566.99)	
Local District School Taxes		128,277,241.00	(128,277,241.00)		
Municipal Local Open Space		4,475,531.00	(4,475,531.00)		
Fire Districts		6,311,104.00	(6,311,104.00)		
Total	\$ 264,566.99	\$ 169,745,109.07	\$ (169,745,109.07)	\$ (264,566.99)	\$

Ref.

A-4

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Fire District Taxes Levied:

Fire District #1	\$ 3,493,131.00
Fire District #2	1,254,013.00
Fire District #3	1,525,799.00
Fire District #4	38,161.00
	<u>\$ 6,311,104.00</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUND

A-12

STATEMENT OF INTERFUNDS RECEIVABLE AND PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance, <u>December 31, 2013</u>	Cash Receipts/ <u>(Disbursements)</u>	<u>Adjustments</u>	Balance, <u>December 31, 2014</u>
Interfunds:				
Grant Fund	\$ (114,493.45)	\$ 111,123.46	\$ 17,464.00	\$ 14,094.01
Animal Control Trust Fund	(1,755.27)			(1,755.27)
Trust - Other Funds	1,696,634.49	(838,070.81)	700,000.00	1,558,563.68
Recreation Trust	(650.75)		(929.90)	(1,580.65)
Payroll Agency	(418.15)		(363,000.00)	(363,418.15)
Self Insurance Fund	(738.90)		50,000.00	49,261.10
General Capital Fund	(239,648.97)	841,967.20	423,773.85	1,026,092.08
Water Operating Fund	(785,204.84)	(951,400.00)		(1,736,604.84)
Workers Compensation Fund			50,000.00	50,000.00
Open Space Trust Fund		(2,718.88)		(2,718.88)
Total	<u>\$ 553,724.16</u>	<u>\$ (839,099.03)</u>	<u>\$ 877,307.95</u>	<u>\$ 591,933.08</u>
<u>Ref.</u>	A	A-4		A
Detail:				
Interfunds Receivable ()	\$ (1,142,910.33)			\$ (2,106,077.79)
Interfunds Payable	<u>1,696,634.49</u>			<u>2,698,010.87</u>
Total	<u>\$ 553,724.16</u>			<u>\$ 591,933.08</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUNDAPPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance December 31, 2013	Reserve for Encumbrances December 31, 2013	Amount After Modification	Paid or Charged	Accounts Payable December 31, 2014	Balance Lapsed
Operations - Within "CAPS"						
Salaries and Wages:						
General Administration	\$ 1,436.52	\$	\$ 1,436.52	\$ 1,436.52	\$	
Human Resources	734.58		734.58	734.58		
Mayor & Council	0.32		0.32			0.32
Municipal Clerk	586.09		586.09	585.19		0.90
Finance Administration	14,072.58		14,072.58	1,688.51		12,384.07
Computerized Data Processing	356.30		356.30	356.30		
Revenue Administration	2,043.92		2,043.92	2,043.92		
Tax Assessment Administration	15.19		15.19	15.19		
Municipal Court	1,163.89		1,163.89	1,163.89		
Engineering	2,243.65		2,243.65	(85,901.61)		88,145.26
Planning Board	11,444.04		11,444.04	(131.80)		11,575.84
Public Works General	2.32		2.32	2.32		
Animal Control	20,582.40		20,582.40	1,206.70		19,375.70
Police	226,655.85		226,655.85	46,970.86		179,684.99
Emergency Management	4,085.67		4,085.67			4,085.67
Division of Recreation	3,000.82		3,000.82	3,000.82		
Community Resources	17,388.66		17,388.66	7,879.80		9,508.86
Fire Prevention	2,218.25		2,218.25	2,218.25		
Code Enforcement	198,626.78		198,626.78	33,518.82		165,107.96
Operations - Within "CAPS"						
Total - Salaries and Wages	516,624.34		516,624.34	24,007.39		492,616.95
Other Expenses:						
General Administration	237,996.23	36,906.66	274,902.89	268,678.09		6,224.80
Human Resources	2,040.34	3,394.00	5,434.34	2,622.00		2,812.34
Municipal Clerk	771.74	6,032.54	6,804.28	5,062.60		1,741.68
Finance Administration	6,695.08	72,187.50	78,882.58	72,277.24		6,605.34
Audit Services	14,480.00	22,020.00	36,500.00	26,770.00		9,730.00
Computerized Data Processing	8,145.82	38,428.94	46,574.76	14,313.88	157.00	32,103.88
Engineering	427.91	3,952.19	4,380.10	129.98		4,250.12
Planning Board	7,112.79	14,940.50	22,053.29	1,322.50		20,730.79
Environmental Commission	160.00		160.00			160.00
Streets and Roads Maintenance	1,544.23	205,955.51	217,499.74	126,732.77	35,678.64	55,088.33
Public Works - Recycling	21,748.55	9,070.53	30,819.08	9,964.26		20,854.82
Shade Tree Commission	55.00		55.00			55.00
Public Works - Buildings & Grounds	4,840.60	5,140.52	39,981.12	24,310.84	183.35	15,486.93
Public Works - Vehicle Maintenance	1,669.86	14,872.16	16,542.02	5,725.86	133.09	10,683.07
Condo Services Act	95,395.40	5,734.25	61,129.65			61,129.65

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
CURRENT FUNDAPPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance December 31, 2013	Reserve for Encumbrances December 31, 2013	Amount After Modification	Paid or Charged	Accounts Payable December 31, 2014	Balance Lapsed
Animal Control	\$ 696.44	\$ 3,238.21	\$ 3,934.65	\$ 2,879.85	\$	\$ 1,054.80
Police	24,417.96	61,654.16	86,072.12	82,710.78	588.27	2,773.07
Division of Recreation & Park Admin.	13,355.08	6,224.10	19,579.18	3,701.00		15,878.18
Community Resources	8,243.18	825.25	9,068.43	168.46		8,899.97
Fire Prevention	98.35	852.40	950.75	852.40		98.35
Aid to Fire Services	14,500.00		14,500.00			14,500.00
Tax Title Lien & Foreclosure	10,285.00	4,215.00	14,500.00	905.00		13,595.00
Historical Commission	2,200.00	65.00	2,265.00			2,265.00
Telephone	32,383.74	18,372.78	50,756.52	14,316.12	1,800.93	34,639.47
Electricity/Heat	226,786.87	3,834.38	230,621.25	40,220.12	3,834.38	186,566.75
Water	4,000.00		4,000.00			4,000.00
Street Lighting	502,560.98	7,841.85	510,402.83	93,564.78	7,841.85	408,996.20
Operations - Within "CAPS"						
Total - Other Expenses	2,426,818.35	571,687.42	2,998,505.77	914,484.81	50,569.61	2,033,451.35
Total Operations - Within "CAPS"	2,943,442.69	571,687.42	3,515,130.11	938,492.20	50,569.61	2,526,068.30
Contingent	2,000.00		2,000.00			2,000.00
Total Operations Including Contingent Within "CAPS"	2,945,442.69	571,687.42	3,517,130.11	938,492.20	50,569.61	2,528,068.30
Operations - Excluded from "CAPS"						
Other Expenses:						
Matching Funds	7,849.00		7,849.00			7,849.00
Franklin Township Board of Education -						
Transportation - Salaries and Wages	1,357.08		1,357.08	1,357.08		
Transportation - Other Expenses	1,243.00	7,971.35	9,214.35	8,286.88	75.51	851.96
Police - Salaries and Wages	81.16		81.16			81.16
Total Operations - Excluded from "CAPS"	10,530.24	7,971.35	18,501.59	9,643.96	75.51	8,782.12
Grand Totals	\$ 2,955,972.93	\$ 579,658.77	\$ 3,535,631.70	\$ 948,136.16	\$ 50,645.12	\$ 2,536,850.42
Ref.	A	A		A-4		A-1

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GRANT FUND

A-14
Sheet # 1

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

Budget Year	Grants	Balance Dec. 31, 2013	2014 Budget Revenue Realized	CHP 159	Transfer From State & Federal Grants Unappropriated	Reallocated CDBG	Collected	Balance Dec. 31, 2014
SFY 2003								
	NJ DOT Livable Communities Pilot Program	\$ 100,000.00	\$	\$	\$	\$	\$	\$ 100,000.00
SFY 2004								
	Municipal Open Space Partnership	100,000.00						100,000.00
	NJ Juvenile Justice Del. Prev. Grant	52,500.00						52,500.00
SFY 2005								
	USDA NCRS Conservation Plan Negri Tract	79,985.00						79,985.00
SFY 2007								
	Recreation Trails Program	50,000.00						50,000.00
	Historic Preservation Grant	50,000.00						50,000.00
	Somerset County Grant	100,000.00						100,000.00
	Pandemic Influenza Planning Grant	534.00						534.00
	Elizabeth Ave. Bike Lane	15,000.00						15,000.00
	Summer Food Program	2,024.90						2,024.90
	Recreation Opportunities Grant	8,262.80						8,262.80
	Youth Services Commission Grant	1,000.00						1,000.00
	USTA Tennis	1,000.00						1,000.00
SFY 2008								
	Div. of Highway Safety - Aggressive Driver	100.01						100.01
	CDBG	87,845.84						87,845.84
	Summer Food Program	3,317.73						3,317.73
	SC Mun. Planning Transit Feasibility	25,000.00						25,000.00
	NJ 2006 Local Safe St./Easton Ave. Sidewalks	11,040.00						11,040.00
	Assoc. of NJ Environ. Commission	8,000.00						8,000.00
	Youth Athletic Grant	1.65						1.65
	Public Health Priority Funding	19,888.00						19,888.00
	Pandemic Flu	43.00						43.00
	Click It or Ticket	200.00						200.00
	Neighborhood Housing Rehab	178,389.00						178,389.00
	SC Economic Dev. Improv. Prog	3,000.00						3,000.00
	You Drink, You Drive, You Lose	9,000.00						9,000.00
	NJDEP - Forest Management Green Comm.	3,000.00						3,000.00
	SC Historic Preservation Cultural & Heritage	50,000.00						50,000.00
SFY 2009								
	Pandemic Influenza Planning Grant	10,138.00						10,138.00
	March of Dimes Healthy Baby	3,000.00						3,000.00
	NJ DOT Grant	20,345.10						20,345.10
	Youth Services Competitive Grant	7,000.00						7,000.00
	NJ DOA Summer Food Program	7,874.41						7,874.41
	Youth Services Annual Grant	5,000.00					5,000.00	
	Garden State Preservation Trust - Green Acres	450,000.00						450,000.00
	NJ EDA Hazardous Dis. Site Remediation fund	6,891.00						6,891.00
	Recreation Opportunities Grant	7,172.78						7,172.78
	Child Passenger Safety	1,900.00						1,900.00
	Safe and Secure Communities	3,127.00						3,127.00
	Body Armor Replacement Grant	319.19						319.19
SFY 2010								
	CDBG 09	134,833.50						134,833.50
	CDBG 10	113,827.79						113,827.79
	CDBG R	87,879.00						87,879.00

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

Budget Year	Grants	Balance Dec. 31, 2013	2014 Budget Revenue Realized	CHP 159	Transfer From State & Federal Grants Unappropriated	Reallocated CDBG	Collected	Balance Dec. 31, 2014
		\$	\$	\$	\$	\$	\$	\$
SFY 2011	Recreation Opportunities Grant	2,590.85						2,590.85
	NJ Health Assoc. Grant	2,500.00						2,500.00
	National Scenic Byway Grant-Griggstown House	377,083.20					252,686.77	124,396.43
	Child Passenger Safety	4,100.00						4,100.00
	Municipal Alliance Grant	4,793.31						4,793.31
	Chemical Buffer Zone Protection Program	1.97						1.97
	Friends of Somerset County Youth	500.00						500.00
	2009 Youth Athletic Grant	347.75						347.75
	Summer Food Program	2,603.86						2,603.86
	NJ Juvenile Justice Grant	855.00						855.00
	CDBG Program	6,636.16						6,636.16
	Recreation Trails Program	25,000.00						25,000.00
	NJ Historic Trust Stothoff/Cornelius	8,194.50						8,194.50
	Child Passenger Safety	813.80					800.00	13.80
TY 2011	Ed Byrne Mem. Justice Assistance Grant	12,810.86					11,500.00	1,310.86
	Emergency Mgt. Performance Grant	5,000.00						5,000.00
	Summer Food Program	4,451.93						4,451.93
	Juvenile Justice Summer Expansion Grant	63.69						63.69
	Municipal Alliance Grant	6,577.78						6,577.78
	Recreation Opportunities Grant	1,617.04						1,617.04
	CDBG 2011	141,244.29				(69,513.65)		210,757.94
	Over Limit Under Arrest-2011	400.00						400.00
	Municipal Alliance Grant	3,702.49						3,702.49
	Summer Food Service Program	3,633.07						3,633.07
2012	Somerset County Cultural Heritage Grant	375.00						375.00
	Click It or Ticket	4,000.00						4,000.00
	Edward Byrne JAG Grant	12,904.00					12,888.18	15.82
	CDBG 2012	55,608.11					15,000.00	40,608.11
	Municipal Alliance	23,802.03						
2013	Safe and Secure	60,000.00					17,399.02	6,403.01
	Summer Food Program	2,620.56					60,000.00	2,620.56
	Recreation Handicapped Grant	6,700.00						6,700.00
	CDBG 2013	254,714.00				69,513.65	254,434.35	(69,234.00)
	SC Youth Annual Grant							
2014	Sustainable Small Grant							
	Recreation Opportunities Grant	10,000.00					6,194.00	3,806.00
	Municipal Alliance Grant	51,896.00						51,896.00
	Distracted Driver Grant	5,000.00					5,000.00	
	Click It or Ticket	4,000.00					4,000.00	
	Recycling Tonnage Grant	50,651.09			50,651.09			
	Holiday Drive Sober Grant	4,400.00					4,375.00	25.00
	Summer Food Service Program	9,927.08					4,209.41	5,717.67
	NJ History Grant	5,000.00						5,000.00
	Somerset County Youth Annual Grant						5,000.00	999.60
	Clean Communities			5,000.00			108,389.40	
	Labor Day Drive Sober Grant			5,000.00			5,000.00	

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

Budget Year	Grants	Balance Dec. 31, 2013	2014 Budget Revenue Realized	CHP 159	Transfer From State & Federal Grants Unappropriated	Reallocated CDBG	Collected	Balance Dec. 31, 2014
	CDBG 2014	\$	\$	\$ 252,170.00	\$	\$	\$ 5,395.00	\$ 246,775.00
	Municipal Aid JFK Blvd.			250,000.00				250,000.00
	Drive Sober Holiday Crackdown			7,500.00				7,500.00
		<u>\$ 2,854,684.95</u>	<u>\$ 140,874.17</u>	<u>\$ 629,059.00</u>	<u>\$ 50,651.09</u>		<u>\$ 777,271.13</u>	<u>\$ 2,796,695.90</u>
		A	A-16	A-16	A-17			A
	Cash Receipts						\$594,708.47	
	Due from Current Fund						182,562.66	
							<u>\$777,271.13</u>	

Ref.
A-4
A-16

TOWNSHIP OF FRANKLIN
GRANT FUNDSCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

BUDGET YEAR/PROGRAM	Balance Dec. 31, 2013	Enc. Dec. 31, 2013	Total Transferred From 2014 Budget	CH 159	Paid Or Charged	Transfers	Enc. Dec. 31, 2014	Balance Dec. 31, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
SFY 1998	655.23							655.23
Housing Rehabilitation	29,802.99							29,802.99
Plans to Realign Parkside & Van Dyke								
SFY 2002								
Alcohol Ed. & Rehab	200.00				200.00			
SFY 2003								
Somerset County Hamilton St Façade Prog	94,750.00							94,750.00
Drunk Driving Enforcement	3,722.77							1,851.70
Alcohol Education & Rehab.	502.89				1,871.07			66.24
Somerset County Open Space Negr Tract	100,000.00				436.65			100,000.00
SFY 2005								
USDA NRCS Conservation Negr Tract	79,985.00							79,985.00
Franklin Park Public Water System	5,570.00							5,570.00
SFY 2006								
Neighborhood Preservation Program	32,102.47							32,102.47
Youth Services New Initiative Grant	656.79							656.79
Junior Tennis USTA Tennis	202.00							202.00
Alcohol Ed. & Rehab	150.00							150.00
Safe Streets to Schools	40,000.00							40,000.00
CDBG Program	1,623.58							1,623.58
CDBG Franklin Inn Acquisition	120,280.00							120,280.00
Historic Preservation Program	7,334.88							7,334.88
USTA Tennis Grant	500.00							500.00
NJ Dot Hamilton Streetscape	3,577.40							3,577.40
Municipal Alliance	9,906.25							9,906.25
Summer Food Program	2,193.32							2,193.32
Youth Services Commission Annual Grant	1,214.36							1,214.36
SFY 2007								
Recreation Trails Program	50,000.00							50,000.00
Safe and Secure Communities	120,000.00							120,000.00
Historic Preservation Grant	100,000.00							100,000.00
Economic Dev. Incentive Grant	8,096.00							8,096.00
Somerset County Grant	100,000.00							100,000.00
Alcohol Ed. & Rehab	63.35				63.35			
You Drink, You Drive, You Lose	250.00							250.00
Pandemic Influenza Planning Grant	533.94							533.94
Elizabeth Ave. Bike Lane	15,000.00							15,000.00
NPP Grant	54,958.02							54,958.02
Family Planning Services	9,245.00							9,245.00
Summer Food Program	2,622.76							2,622.76
Farm Fresh Grant	900.00							900.00
Recycling Tonnage Grant								
Recreation for Individuals with Disabilities	3,193.00							3,193.00
Municipal Alliance	1,436.05							1,436.05
Public Health Priority Funding	2,436.01							2,436.01
Youth Services Mini Grant	29.42							29.42
USTA Tennis Grant	3.81							3.81
CDBG Program	37,385.00							37,385.00
		22.89						

TOWNSHIP OF FRANKLIN
GRANT FUNDSCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

BUDGET YEAR/PROGRAM	Balance Dec. 31, 2013	Enc. Dec. 31, 2013	Total Transferred From 2014 Budget	CH 15g	Paid Or Charged	Transfers	Enc. Dec. 31, 2014	Balance Dec. 31, 2014
\$	\$	\$	\$	\$	\$	\$	\$	\$
SFY 2008								
Municipal Alliance	6,226.55							6,226.55
Youth Services Commission Annual Grant	355.75							355.75
SCYSC Competitive	25.32							25.32
CDBG Grant 2007	16,168.14							16,168.14
NJDOA Summer Food Program	4,062.78							4,062.78
Friends of Somerset County Youth	300.00							300.00
Youth Athletic Grant	1,010.00	23.84					23.84	1,010.00
Neighborhood Housing Rehab	111,006.06							111,006.06
Somerset County Mun. Planning Transit Feasibility	25,000.00							25,000.00
NJ 2006 Local Safe St/Easton Ave. Sidewalks	11,684.88							11,684.88
Healthy Community Grant	60.29							60.29
NJ Dept. of Health Family Planning Grant	5,920.87							5,920.87
Clean Communities		3,181.66			3,181.66			19,300.00
Div. of Highway Safety Aggressive Driver	19,300.00							19,300.00
Recycling Tonnage Grant								
Public Health Priority Funding	3,899.34							3,899.34
Public Health Priority Funding	2,049.97							2,049.97
Child Passenger Safety	449.51							
Occupant Protection Click It or Ticket								
MPP Franklin Twp. Pedestrian Feasibility	11.01							11.01
SC Economic Dev. Improv. Program	3,000.00							3,000.00
You Drink, You Drive, You Lose	11,000.00							11,000.00
Youth Athletic Grant-2006	86.00							86.00
Planning Partnership Ecotourism Plan	560.00							560.00
Forestry Mgt. Green Communities	500.00							500.00
Over the Limit Under Arrest	5,000.00							5,000.00
SC Historic Preservation Grant	18,368.27							18,368.27
Pandemic Influenza Planning Grant	10,509.70							10,509.70
SFY 2009								
Pandemic Influenza Planning Grant	282.88							282.88
Recycling Tonnage Grant	10,999.60				10,999.60			2,912.12
Drunk Driving Enforcement Grant	3,292.78				380.86			2,546.31
Municipal Alliance	2,546.31							10,310.00
Municipal Stormwater Management	10,310.00							51,150.00
NJ Historic Trust - Franklin Inn	51,150.00							2,055.96
Public Health Priority Funding	2,055.96							1.65
Youth Athletic Grant	1.65							3,000.00
March of Dimes Healthy Baby	3,000.00							150,000.00
NJ DOT Grant	150,000.00							
Youth Services Competitive Grant								
NJ DOA Summer Food Program	7,999.03							7,999.03
Friends of Somerset County Youth		500.00					500.00	
Youth Services Commission Annual Grant								
Youth Services Commission Mini Grant								
Clean Communities	650.00							650.00
Garden State Preservation Trust Green Acres	463.43				463.43			450,000.00
NJEDA Hazardous Dis. Site Remediation Fund	450,000.00							75,802.00
Recreation Opportunities Grant	75,802.00							1,268.95
Safe and Secure Communities	1,268.95							117,705.00
Body Armor Fund	117,705.00							

TOWNSHIP OF FRANKLIN
GRANT FUNDSCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

BUDGET YEAR/PROGRAM	Balance Dec. 31, 2013	Enc. Dec. 31, 2013	Total Transferred From 2014 Budget	CH 159	Paid Or Charged	Transfers	Enc. Dec. 31, 2014	Balance Dec. 31, 2014
SFY 2010								
CDBG Grant - Program Year 2008	\$ 31,861.92	\$ 67.75	\$	\$			\$	\$ 31,929.67
Drunk Driving Enforcement Grant	4,470.07							4,470.07
Public Health Priority Funding	59.85							59.85
CDBG Grant - Program Year 2010	16,100.32	8,484.62						24,584.94
CDBG R	10,552.61							10,552.61
NJ Health Assoc. Grant	2,500.00							2,500.00
NPP 06.08.09	42,032.47							42,032.47
National Scenic Byway Grant-Griggstown Hou 87 274 cdda	103,969.48	68,084.11			68,084.11			103,969.48
Child Passenger Safety	4,678.92				2,950.49			1,728.43
Municipal Alliance Grant	4,318.20	8,421.14						12,739.34
Clean Communities		4,234.00			4,234.00			
Recreation for Individuals with Disabilities	9,858.16							9,858.16
Over the Limit Under Arrest	5,000.00							5,000.00
Smart Growth Grant	8,000.00							8,000.00
Safe and Secure Communities	58,127.00							58,127.00
Recycling Tonnage Grant	74,028.61				74,028.61			
Chemical Buffer Zone Protection Program	1.97							1.97
Friends of Somerset County Youth	500.00							500.00
Body Armor Replacement Grant								
2009 Youth Athletic Grant	347.75							347.75
Summer Food Program	2,416.12							2,416.12
Summer Expansion Grant Program-LJ	300.72	662.00						962.72
Historic Preservation Grant-Cornelius Stodhoff House	17,001.80							17,001.80
Green Acres - Middlebush Park Improvements	36,319.00							36,319.00
SFY 2011								
State of NJ Body Armor Fund	301.91							301.91
CDBG Program	6,636.16	3,076.83				17,690.00		27,402.99
Friends of Somerset County Youth	250.00	250.00			216.04		33.96	250.00
JAG Edward J. Byrne	262.22							262.22
Recreation Trails Program	25,000.00							25,000.00
NJ Historic Trust Stodhoff/Cornelius	42,000.00							42,000.00
Safe & Secure Communities	39.71						39.71	
SCYS Annual Grant	1,725.24						500.00	1,225.24
SCYS Competitive Grant	4,595.71	3,223.71						
Clean Communities					7,819.42			
Child Passenger Safety								
Emergency Mgt. Grant 2010/11								
Recycling Tonnage Grant	52,292.79							52,292.79
Summer Food Program	1,094.61	3,327.17			20,191.43			4,421.78
Juvenile Justice Summer Expansion Grant	42.69	21.00						63.69
Municipal Alliance Grant	1,009.51	6,129.53						7,139.04
Recreation Opportunities Grant	755.66	107.66					(48.34)	911.66
TY 2011								
SC Youth Annual Grant	112.98				112.98			
SCYSC Competitive Grant		266.17			266.17			
Body Armor Replacement Grant	42.00				(2,350.00)			42.00
Drunk Driving Enforcement Grant	5,227.48							5,227.48
Safe & Secure Communities	52,204.00							52,204.00
Recycling Tonnage Grant	51,825.42							51,825.42
Local Arts Program	154.05							154.05
CDBG 2011	111,624.52	24,898.52			13,705.00	(87,203.65)		35,614.39
Over the Limit Under Arrest	400.00							400.00
Over the Limit Under Arrest 2011	4,400.00							4,400.00

TOWNSHIP OF FRANKLIN
GRANT FUNDSCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

BUDGET YEAR/PROGRAM	Balance Dec. 31, 2013	Enc. Dec. 31, 2013	Total Transferred From 2014 Budget	CH 159	Paid Or Charged	Transfers	Enc. Dec. 31, 2014	Balance Dec. 31, 2014
2012	\$ 11,930.07	\$ 4,978.96	\$	\$	\$	\$	\$	\$ 16,909.03
Municipal Alliance Grant								
Emergency Management Grant	692.00	2,962.00					2,962.00	692.00
Summer Food Service Program	962.59							962.59
Somerset County Cultural Heritage Grant-Local Arts	98,432.04				39,326.11		168.54	58,937.39
Clean Communities	4,000.00							4,000.00
Click It or Ticket	1,500.00	204.11			1,704.11			
Somerset County Competitive Grant	15.82							15.82
Juvenile Assistance Grant - Edward Byrne	31,868.03							31,868.03
Recycling Tonnage Grant	55,608.11	27,702.23			38,365.00		6,000.00	38,945.34
CDBG 2012	101.48	939.06			985.07		55.47	
SC Youth Annual Grant								
2013								
Municipal Alliance	4,198.51	17,781.16			18,682.90		1,897.50	1,399.27
Summer Food Program		1,611.36					1,611.36	
Body Armor Fund	8,818.74				4,956.00		2,478.00	1,384.74
Recreation Opportunities Grant	857.98	1,123.16			1,782.38		198.76	
CDBG 2013	224,537.17	25,000.00			255,136.52	69,513.65	26,768.13	37,146.17
Safe & Secure Communities								
Clean Communities	115,567.16				249.56			115,317.60
SC Youth Annual Grant	5,000.00	1,383.60			4,772.99		227.01	
Sustainable Jersey Small Grant	616.40				1,383.60		616.40	
2014								
Recreation Opportunities Grant			12,000.00		4,502.40		338.07	7,159.53
Municipal Alliance Grant			67,393.00		24,436.42		1,285.42	41,671.16
Distracted Driver Grant			5,000.00		5,000.00			
Click It or Ticket			4,000.00		4,000.00			
Recycling Tonnage Grant			50,651.09		4,375.00			50,651.09
Holiday Drive Sober Grant			4,400.00		4,606.60		1,720.50	25.00
Summer Food Service Program			9,927.08		5,000.00			3,599.98
NJ History Grant			5,000.00		1,355.36		1,000.00	2,644.64
Somerset County Youth Annual Grant				5,000.00				109,389.00
Clean Communities			109,389.00		5,000.00			
Labor Day Drive Sober Grant			5,000.00		35,094.79		106,812.44	110,262.77
CDBG 2014			252,170.00					250,000.00
Municipal Aid JFK Blvd.			250,000.00					
Drive Sober Holiday Crackdown			7,500.00		2,700.00			4,800.00
	\$ 3,544,312.05	\$ 219,548.23	\$ 158,371.17	\$ 629,059.00	\$ 670,718.99	\$	\$ 155,452.37	\$ 3,725,119.09
Ref	A	A	A-16	A-16	A-4		A	A

TOWNSHIP OF FRANKLIN
GRANT FUND

A-16

SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>
Balance -Dec. 31, 2013			
Due From	A	\$	\$
Due To	A	114,493.45	114,493.45
Increased by:			
Grant Revenue Realized	A-14	769,933.17	769,933.17
Funds Received (Net)	A-4	<u>71,472.20</u>	<u>71,472.20</u>
Subtotal		<u>841,405.37</u>	<u>841,405.37</u>
Decreased by:			
Interfunds Accrued	A-14	(182,562.66)	(182,562.66)
Grant Appropriated	A-3, A-15	<u>(787,430.17)</u>	<u>(787,430.17)</u>
		<u>(969,992.83)</u>	<u>(969,992.83)</u>
Balance -Dec. 31, 2014			
Due From	A	(14,094.01)	(14,094.01)
Due To	A	<u>\$</u>	<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GRANT FUND

A- 17

SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Grant</u>	Balance Dec. 31, 2013	Receipts	Transferred to		Balance Dec. 31, 2014
			Grants Receivable		
NJ Historic Trust Grant Recycling Tonnage Grant	\$ 43,875.00	\$	\$		\$ 43,875.00
	50,651.09	51,604.80	50,651.09		51,604.80
	<u>\$ 94,526.09</u>	<u>\$ 51,604.80</u>	<u>\$ 50,651.09</u>		<u>\$ 95,479.80</u>
Ref.	A	A-4	A-17		A

TOWNSHIP OF FRANKLIN
TRUST FUND

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS B-2
FOR YEAR ENDED DECEMBER 31, 2014

	Balance <u>December 31, 2013</u>	<u>Receipts</u> <u>Miscellaneous</u>	Balance <u>December 31, 2014</u>
Fund Balance	\$ 775,480.16	\$ 800.70	\$ 776,280.86
	<hr/>	<hr/>	<hr/>
	<u>\$ 775,480.16</u>	<u>\$ 800.70</u>	<u>\$ 776,280.86</u>
<u>Ref.</u>	B	B-1	B

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

B-3

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Confirmation Date</u>	<u>Due Dates</u>	<u>Balance December 31, 2013</u>	<u>Balance December 31, 2014</u>
Improv. to Sanitary Sewer Sys.	882	4/18/85	6/18/85-94	\$ 110,372.23	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	1/10/85	4/11/85-94	11,794.62	11,794.62
				<u>\$ 122,166.85</u>	<u>\$ 122,166.85</u>
			<u>Ref.</u>	B	B

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS
FOR THE YEAR ENDED DECEMBER 31, 2014

B-4

<u>Improvement Description</u>	<u>Ordinance</u> <u>Number</u>	<u>Balance</u> <u>December 31, 2013</u>	<u>Balance</u> <u>December 31, 2014</u>
Assessments and Liens:			
Improv. to the Sanitary Sewer System	882	\$ 110,372.23	\$ 110,372.23
Constr. of Raritan Brook Sewer	992	<u>11,794.62</u>	<u>11,794.62</u>
		<u>\$ 122,166.85</u>	<u>\$ 122,166.85</u>
	<u>Ref.</u>	B	B

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
ANIMAL CONTROL FUND

SCHEDULE OF SPECIAL ACCOUNT BALANCE CALCULATION
FOR THE YEAR ENDED DECEMBER 31, 2014

B-5

Footnote: R.S. 4:19-15.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next proceeding."

<u>Year</u>	<u>Amount</u>
2012	\$ 118,685.77
2013	<u>109,244.02</u>
	<u>\$ 227,929.79</u>
Animal Control Balance - December 31, 2014	<u>\$ 219,828.07</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
TRUST FUND

B-6
Sheet # 1

SCHEDULE OF CASH AND RESERVE ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance December 31, 2013	Cash			Balance December 31, 2014
		Receipts	Disbursements	Adjustments	
Assessment Trust:					
Assessments Receivable	\$ (122,166.85)	\$	\$	\$	\$ (122,166.85)
Reserve for Assessments	122,166.85				122,166.85
Assessment Fund Balance	775,480.16	800.70			776,280.86
Total	775,480.16	800.70			776,280.86
Animal Control:					
Due from/to Current Fund	1,755.27				1,755.27
Due NJ - State License Fees	250.00	4,088.00	(4,338.00)		
Animal Control Reserves	201,798.65	123,368.69	(105,339.27)		219,828.07
Total	203,803.92	127,456.69	(109,677.27)		221,583.34
Trust - Other Funds:					
Escrow Funds and Reserves	9,713,923.86	3,742,603.37	(3,456,702.17)		9,999,825.06
Due (from)/to Current Fund	(1,696,634.49)	138,070.81			(1,558,563.68)
Due (from)/to Grant Fund					
Reserve for Encumbrances	34,919.39		(10,243.45)		24,675.94
Total	8,052,208.76	3,880,674.18	(3,466,945.62)		8,465,937.32
Unemployment Insurance Trust:					
Unemployment Benefits Reserve	1,377,609.94	1,607.77	(23,545.71)		1,355,672.00
Total	1,377,609.94	1,607.77	(23,545.71)		1,355,672.00
Self Insurance Trust Fund:					
Other Insurance Reserves	239,600.18	22,238.72	(67,926.46)	28,736.65	222,649.09
Due (from)/to Current Fund	738.90			(50,000.00)	(49,261.10)
Environmental Protection	97,162.58	129.47		2,102.00	99,394.05
Reserve for Other Insurance	670.57				670.57
Reserve for Vehicle Accident	23,104.91				23,104.91
LOSAP	577,419.36				577,419.36
Reserve for Encumbrances	7,213.15			19,161.35	26,374.50
Total	945,909.65	22,368.19	(67,926.46)		900,351.38
Open Space Trust Fund:					
Open Space Trust Reserve	15,852,151.53	4,556,349.00	(4,261,511.45)	(50,928.30)	16,096,060.78
Due (from)/to Current Fund		2,718.88			2,718.88
Due (from)/to General Capital	125,000.00	756,350.00			881,350.00
Accounts Payable	1,864.15				1,864.15
Deferred Charges - Funded	(15,890,000.00)	(10,355,000.00)	9,560,000.00		(16,685,000.00)
Serial Bonds Payable	15,890,000.00	10,355,000.00	(9,560,000.00)		16,685,000.00
Reserve for Encumbrances	81,100.68			50,928.30	132,028.98
Total	16,060,116.36	5,315,417.88	(4,261,511.45)		17,114,022.79
Workers Compensation Trust:					
Workers' Compensation Reserve	640,689.22	110,220.00	(139,034.52)	49,472.45	661,347.15
Due (from)/to Current Fund				(50,000.00)	(50,000.00)
Reserve for Encumbrances	142.45			527.55	670.00
Total	640,831.67	110,220.00	(139,034.52)		612,017.15
Recreation					
Recreation Programs	593,384.55	1,009,109.86	(903,813.32)	28,943.87	727,624.96
Due (from)/to Current Fund	650.75	929.90			1,580.65
Reserve for Encumbrances	104,275.22			(28,943.87)	75,331.35
Total	698,310.52	1,010,039.76	(903,813.32)		804,536.96

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
TRUST FUND

B-6
Sheet # 2

SCHEDULE OF CASH AND RESERVE ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance December 31, 2013	Cash			Balance December 31, 2014
		Receipts	Disbursements	Adjustments	
Developers' Escrow					
Developers' Escrows (Net Activity)	\$ 2,043,806.54	\$ 1,344,289.81	\$ (1,343,803.57)	\$	\$ 2,044,292.78
Total	2,043,806.54	1,344,289.81	(1,343,803.57)		2,044,292.78
Historical Preservation Trust:					
Historical Preservation Reserve.	150,557.48	6,749.55	(3,874.41)		153,432.62
Total	150,557.48	6,749.55	(3,874.41)		153,432.62
Tax Collector's Trust:					
Tax Title Lien Redemptions		2,565,783.12	(2,565,783.12)		
Premiums Received at Tax Sale	2,221,300.00	2,372,553.15	(1,815,700.00)		2,778,153.15
Total	2,221,300.00	4,938,336.27	(4,381,483.12)		2,778,153.15
Payroll and Payroll Agency:					
Payroll & Deductions Payable (Net)	344,730.53	45,760,129.07	(46,251,488.79)	170,136.52	23,507.33
Net Payroll Reserve	533,136.52			(533,136.52)	
Due from/to Current Fund	418.15			363,000.00	363,418.15
Total	878,285.20	45,760,129.07	(46,251,488.79)		386,925.48
Affordable Housing Trust Fund:					
Reserve of Affordable Housing	3,238,140.21	537,935.75	(795,648.72)	9,429.15	2,989,856.39
Reserve for Encumbrances	17,609.15			(9,429.15)	8,180.00
Total	3,255,749.36	537,935.75	(795,648.72)		2,998,036.39
Flexible Spending Account:					
Reserve for Flexible Spending	8,311.99	27,778.41	(26,727.96)		9,362.44
Total	8,311.99	27,778.41	(26,727.96)		9,362.44
Police Forfeiture Fund:					
Reserve for Police Forfeiture	39,928.12	21,128.46	(26,855.33)		34,201.25
Total	39,928.12	21,128.46	(26,855.33)		34,201.25
Total	\$ 37,352,209.67	\$ 63,104,932.49	\$ (61,802,336.25)	\$	\$ 38,654,805.91

Ref.

B

B

**SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Description	Date of Issue	Amount of Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2013	Increased	Decreased	Balance December 31, 2014
			Date	Amount					
General Obligation Bonds, Open Space - Series 2007	1/15/2007	\$ 15,675,000.00	1/15/2015 1/15/2016	\$ 1,075,000.00 1,150,000.00	4.000% 4.000%	\$ 10,375,000.00	\$	\$ 8,150,000.00	\$ 2,225,000.00
General Obligation Refunding Bonds, Open Space - Series 2009	5/8/2009	8,495,000.00	5/1/2015 5/1/2016 5/1/2017	1,385,000.00 1,365,000.00 1,355,000.00	3.000% 4.000% 5.000%	5,515,000.00		1,410,000.00	4,105,000.00
General Obligation Refunding Bonds, Open Space - Series 2014	7/24/2014	6,795,000.00	1/15/2017 1/15/2018 1/15/2019 1/15/2020 1/15/2021 1/15/2022	1,110,000.00 1,140,000.00 1,140,000.00 1,135,000.00 1,135,000.00 1,135,000.00	4.000% 4.000% 4.000% 4.000% 4.000% 4.000%		6,795,000.00		6,795,000.00
General Obligation Bonds, Open Space - Series 2014	11/7/2014	3,560,000.00	11/1/2015 11/1/2016 11/1/2017 11/1/2018 11/1/2019 11/1/2020 11/1/2021 11/1/2022 11/1/2023 11/1/2024 11/1/2025 11/1/2026 11/1/2027 11/1/2028 11/1/2029	200,000.00 200,000.00 205,000.00 205,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00 250,000.00	1.000% 1.000% 1.000% 1.250% 2.000% 2.000% 3.000% 2.000% 2.125% 2.250% 2.500% 3.000% 3.000% 3.000% 3.000% 3.000%				3,560,000.00
						\$ 15,890,000.00	\$ 10,355,000.00	\$ 9,560,000.00	\$ 16,685,000.00

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
TRUST FUNDS

SCHEDULE OF ESCROW FUND DEPOSITS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

B-8

Acct. No.	Purpose	Balance December 31, 2013	Encumbrances December 31, 2013	Increases	Decreases	Encumbrances December 31, 2014	Balance December 31, 2014
801	CDBG Housing Rehab	\$ 39,382.66	\$	\$	\$	\$	\$ 39,382.66
802	Water Meters	59,930.50		7,765.00	10,256.10		57,439.40
803	Street Openings	287,345.75		14,810.00	3,600.00		298,555.75
804	Site Plan Performance	1,165,524.24	5,000.00	341,927.70	677,734.07	5,000.00	829,717.87
805	Surety Cash	39,166.00		47,188.00	33,650.00		52,704.00
806	Monument Monies	88,400.00		5,670.00	5,700.00		88,370.00
807	Special Events - Clerk's Office	7,950.00			500.00		7,450.00
808	Maintenance Guarantees	248,641.42		2,700.00	472.50		250,868.92
809	Parkland Dedication	358,529.88	3,941.25			1,094.00	361,377.13
810	Infrastructure Improvements	51,256.50					51,256.50
811	Outside Jobs	840,238.58		1,091,877.33	981,292.67		950,823.24
802-804	Reserve Private Developer Donation	522,778.46		11,810.00			534,588.46
815	Off-Tract	183,690.16					183,690.16
816	Parkland Canal Walk LLC	233,154.00	105.40				233,259.40
817	NPP Housing	600.00					600.00
819	Senior Wellness	2,226.00					2,226.00
820	Softball Donations	20,756.81	10,672.50	2,300.00	829.83	6,439.67	26,459.81
821	Playground Donations	1,319.60					1,319.60
822	Senior Computer Automation	1.00					1.00
823	4th of July Celebration	30,072.50	1,612.54	18,075.00	32,361.46	100.00	17,298.58
824	Veterans Memorial	9,498.42					9,498.42
825	Municipal Alliance		211.74	80.00	120.00	116.74	55.00
826	Youth Cultural Night	50.00					50.00
827	Escrow Miscellaneous	213,517.52					213,517.52
828	Booster Station	5,346.44					5,346.44
829	Summer Child Care	1.51	448.49	1,720.00	2,059.46	98.24	12.30
830	Community Resource Donation	4.51					4.51
831	Community Resource Refund	23.00			23.00		
832	Community Resource Trips	5.53		2,030.00	2,035.00		0.53
834	Tree Planting	72,316.09	5,850.00	59,305.00	11,613.83	4,228.51	121,628.75
836	Dental & Medical Copay	3,317,163.81		1,502,461.87	1,008,010.74		3,811,614.94
837	Bid Security	106,232.77					106,232.77
838	POAA	2,877.29		360.00			3,237.29
839	Public Defender Fees	24,602.91		14,947.00	25,048.28	1,000.00	13,501.63
840	Fire Prevention	2,346.42		3,500.00	1,553.03	2,661.31	1,632.08
841	Penalty Fire District 1	686.81			450.00		236.81
842	Penalty Fire District 2	1,887.50		150.00	950.00		1,087.50
843	Penalty Fire District 3	275.00		1,250.00	225.00		1,300.00
844	Penalty Fire District 4	1,200.00			884.33		315.67
845	Uniform Fire Safety Penalty	6,037.65	4,519.67	24,349.00	21,597.54	3,937.47	9,371.31
846	Adopt A Cop Trading Card	4,013.00					4,013.00
847	Bullet Proof Vests	3,910.84	2,557.80		2,478.00		3,990.64
848	Operation Cooperation	350.00					350.00
850	Defibrillator Donations	2,359.12					2,359.12
853	Insurance Fund Evidence	42,344.43					42,344.43
854	Surety Default - Wilson	232.12					232.12
855	Soil Improvement Bond	400.00					400.00
856	Police Non Evidence Monies	318.00					318.00
861	Public Assistance Indent Burials			75,935.50			75,935.50
	Snow Removal Trust	718,652.00			234,758.35		483,893.65
	Accumulated Sick and Vacation	996,307.11		103,649.54			1,099,956.65
		<u>\$ 9,713,923.86</u>	<u>\$ 34,919.39</u>	<u>\$ 3,333,860.94</u>	<u>\$ 3,058,203.19</u>	<u>\$ 24,675.94</u>	<u>\$ 9,999,825.06</u>
Ref.			B-6	B-6	B-6	B	B

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014

C-2

	<u>Ref.</u>		
Balance, December 31, 2013	C		\$ 60,038.81
Increased by Receipts:			
SCIA Leases Funds			
Various Grant and Other Receivables	C-5	\$ 153,750.00	
Interfunds Receivable/Payable (Net)	C-8	9,100,752.48	
Proceeds from Sale of Debt Financings	C-11	9,620,000.00	
Various Reserves	C-15	<u>1,128.66</u>	
			<u>18,875,631.14</u>
			18,935,669.95
Decreased by Disbursements:			
Interfunds Receivable/Payable	C-8	6,659,493.53	
Improvement Authorizations	C-9	<u>5,933,974.79</u>	
			<u>12,593,468.32</u>
Balance, December 31, 2014	C		<u><u>\$ 6,342,201.63</u></u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

C-3

	<u>Balance</u> <u>December 31, 2014</u>	<u>Balance</u> <u>December 31, 2013</u>
Fund Balance	\$ 2,659,759.70	\$ 2,659,759.70
Capital Improvement Fund	90,289.74	97,339.74
Improvement Authorizations Funded	6,470,722.29	4,201,727.58
Improvement Authorizations Expended - Not Funded	(2,149,634.98)	(11,230,303.19)
SCIA Lease Receivable		(253,943.56)
SCIA Improvement Authorizations Funded		190,200.56
Various Receivables	(59,756.24)	(59,756.24)
Interfunds Receivable	(1,907,442.08)	(125,000.00)
Reserve for Encumbrances	786,191.76	3,889,422.47
Interfunds Payable		239,648.97
Various Reserves	452,071.44	450,942.78
	<u>\$ 6,342,201.63</u>	<u>\$ 60,038.81</u>
<u>Ref.</u>	C	C

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

SCHEDULE OF RECEIVABLES - DUE FROM
SOMERSET COUNTY IMPROVEMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2014

C-4

	<u>Lease Amount</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2014</u>
Receivables:				
SCIA Lease Program #4	\$ 748,755.00	\$ 157,531.74	\$	\$ 157,531.74
SCIA Lease Program #7	516,993.75	25,937.63		25,937.63
SCIA Lease Program #8a	609,049.96	70,334.88		70,334.88
SCIA Lease Program #8b	308,055.05	139.31		139.31
		<u>\$ 253,943.56</u>	<u>\$</u>	<u>\$ 253,943.56</u>

Ref.

C

C

Disbursed
Canceled

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS GRANT AND OTHER RECEIVABLES
FOR THE YEAR ENDED DECEMBER 31, 2014

C-5

	Balance Dec. 31, 2013	Decreases	Balance Dec. 31, 2014
Receivables:			
NJ Dot Grant Ord. 3602	\$ 3,577.40	\$	\$ 3,577.40
NJ Dot Grant Ord. 4029	153,750.00	153,750.00	
State of NJ DOT - Jacques Lane	56,178.84		56,178.84
	<u>\$ 213,506.24</u>	<u>\$ 153,750.00</u>	<u>\$ 59,756.24</u>
Ref.	C	C-2	C

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2014

C-6

	Ref.	Total	Serial Bonds	Loans	Energy Lease	SCIA Leases
Balance, December 31, 2013	C	\$ 18,416,289.12	\$ 16,657,000.00	\$ 24,658.37	\$ 1,038,564.86	\$ 696,065.89
Increased by:						
Debt Issued	C-7	9,620,000.00	9,620,000.00			
Decreased by:						
Budget Appropriations to Pay Debt	C-11, C-12 C-13, C-14	(4,230,271.15)	(3,925,000.00)	(18,370.95)	(63,692.61)	(223,207.59)
Balance, December 31, 2014	C	\$ 23,806,017.97	\$ 22,352,000.00	\$ 6,287.42	\$ 974,872.25	\$ 472,858.30

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Ord. No.	Improvement Description	Analysis of Balance - Dec. 31, 2014					
		Balance Dec. 31, 2013	Authorized 2014	2014 Funding	Balance Dec. 31, 2014	Expenditures	Unexpended Bal. of Impr. Auth.
	General Improvements						
3474	Construction of Veterans Memorial	\$ 42,047.00	\$	\$ 42,000.00	\$ 47.00	\$	\$ 47.00
3606	Trunked Radio System	324,790.00		170,000.00	154,790.00		154,790.00
3811	2009 Road Overlay Program	643,262.06		315,000.00	328,262.06	106,784.21	221,477.85
3819	Repaving of Municipal Parking Lot	525,164.61		265,000.00	260,164.61	17,530.79	242,633.82
3822	Various Capital Improvements - FY2009	679,500.00		485,000.00	194,500.00	12,231.66	182,268.34
3876	2010 Road Overlay Program	628,500.00		430,000.00	198,500.00	41,713.98	156,786.02
922-11	New Telephone System (Amended)	330,000.00		295,000.00	35,000.00		35,000.00
3941	Document Imaging Project	370,905.00		370,000.00	905.00		905.00
3963	2012 Road Overlay Program	2,366,500.00		2,100,000.00	266,500.00	38,033.92	228,466.08
3964	Amend Ord. 3260 Improv. To Middlebush Park	214,000.00		214,000.00			
3981	Various Technology Improvements	377,100.00		265,000.00	112,100.00	11,513.90	100,586.10
3982	2012 Road Resurfacing Program	2,570,000.00		1,900,000.00	670,000.00	140,384.05	529,615.95
4026	2013 Road Overlay Program	2,600,000.00		2,000,000.00	600,000.00	134,891.04	465,108.96
4027	2013 Various Capital Improvements	983,000.00		983,000.00			
4029	Improvements to Middlebush Park	3,346,250.00		3,346,000.00	250.00		250.00
4062	2014 Road Resurfacing Program		2,375,000.00		2,375,000.00	1,456,787.78	918,212.22
4063	Various Capital Improvements		551,900.00		551,900.00	189,763.65	362,136.35
		\$ 16,001,018.67	\$ 2,926,900.00	\$ 13,180,000.00	\$ 5,747,918.67	\$ 2,149,634.98	\$ 3,598,283.69

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Deferred Charges Funded	C-6	\$ 9,620,000.00
Open Space Fund Bonds	C-8	3,560,000.00
		<u>\$ 13,180,000.00</u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-8

SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Open Space Trust</u>
Balance - Dec. 31, 2013				
Due From	C	\$ (125,000.00)	\$	(125,000.00)
Due To	C	\$ 239,648.97	\$ 239,648.97	\$
Adjustments:				
Funds Received	C-2	9,100,752.48	2,467,961.20	6,632,791.28
Subtotal		9,100,752.48	2,467,961.20	6,632,791.28
Decreased by:				
Bonds Received	C-7	(3,560,000.00)		(3,560,000.00)
Funds Disbursed	C-2	(6,659,493.53)	(3,586,702.25)	(3,072,791.28)
Funding for Ordinances	C-9	(756,350.00)		(756,350.00)
Capital Improv. Fund	C-16	(147,000.00)	(147,000.00)	
		(11,122,843.53)	(3,733,702.25)	(7,389,141.28)
Balance - Dec. 31, 2014	C	\$ (1,907,442.08)	\$ (1,026,092.08)	\$ (881,350.00)

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See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-10

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS - SCIA
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

DESCRIPTION	Loan Number	Date Authorized	Amount Authorized	BALANCE DEC. 31, 2013	ENCUMBRANCES DEC. 31, 2013	PAID OR CHARGED	ENCUMBRANCES DEC. 31, 2014	ADJUSTMENTS	BALANCE DEC. 31, 2014
Capital Equipment - Various Equipment	7148650	7/15/2006	\$ 770,200.00	\$ 157,531.74	\$	\$	\$	\$	\$ 157,531.74
Capital Equipment - Various Equipment	40075245		516,993.75	25,937.63					25,937.63
Capital Equipment - Various Equipment	767989015	5/25/2012	609,049.96	6,591.88	63,743.00				70,334.88
Capital Equipment - Various Equipment	40090894	5/25/2012	308,055.05	139.31					139.31
				<u>\$ 190,200.56</u>	<u>\$ 63,743.00</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 253,943.56</u>
				C	C				C
				Ref.					

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2014

C-11

SCHEDULE OF GENERAL SERIAL BONDS									
DESCRIPTION	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES OF BONDS DATE	AMOUNT	INTEREST RATE	BALANCE DEC. 31, 2013	INCREASED	DECREASED	BALANCE DEC. 31, 2014
General Improvement Bonds	1/15/2007	7,557,000.00	1/15/2010	675,000.00	3.750%				
			2011	700,000.00	3.750%				
			2012	750,000.00	3.750%				
			2013	825,000.00	4.000%				
			2014	825,000.00	4.000%				
			2015	850,000.00	4.000%				
			2016	850,000.00	4.000%				
			2017	832,000.00	4.000%	\$ 3,357,000.00	\$	825,000.00	\$ 2,532,000.00
General Improvement Refunding Bonds	5/8/2009	10,730,000.00	5/1/2010	55,000.00	3.000%				
			2011	365,000.00	3.000%				
			2012	1,610,000.00	3.000%				
			2013	1,900,000.00	4.000%				
			2014	1,900,000.00	2.500%				
			2015	1,860,000.00	3.000%				
			2016	1,530,000.00	4.000%				
			2017	1,510,000.00	5.000%	6,800,000.00		1,900,000.00	4,900,000.00
General Improvement Bonds	6/15/2010	9,550,000.00	5/15/2011	950,000.00	2.000%				
			2012	1,000,000.00	2.000%				
			2013	1,100,000.00	3.000%				
			2014	1,200,000.00	3.000%				
			2015	1,200,000.00	3.000%				
			2016	1,300,000.00	3.000%				
			2017	1,400,000.00	3.500%				
			2018	1,400,000.00	3.500%	6,500,000.00		1,200,000.00	5,300,000.00
General Improvement Bonds	11/1/2014	9,620,000.00	11/1/2015	500,000.00	3.500%				
			11/1/2016	500,000.00	3.500%				
			11/1/2017	620,000.00	3.500%				
			11/1/2018	750,000.00	3.500%				
			11/1/2019	750,000.00	3.500%				
			11/1/2020	750,000.00	3.500%				
			11/1/2021	750,000.00	3.500%				
			11/1/2022	1,000,000.00	3.500%				
			11/1/2023	1,000,000.00	3.500%				
			11/1/2024	1,000,000.00	3.500%				
			11/1/2025	1,000,000.00	3.500%				
			11/1/2026	1,000,000.00	3.500%		9,620,000.00		9,620,000.00
						\$ 16,557,000.00	\$ 9,620,000.00	\$ 3,925,000.00	\$ 22,352,000.00
						C	C-2	C-6	C
						Ref.			

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-12

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION GREEN TRUST PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2014

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	LOAN REPAYMENT PERIOD	SCHEDULED* SEMI-ANNUAL PAYMENT	BALANCE DEC. 31, 2013	DECREASED	BALANCE DEC. 31, 2014
Bunker Hill Environmental Center	3/30/95; 11/29/01	144,756.16	2.00%	9/1/02-3/1/15	12,700.58	\$ 24,658.37	\$ 18,370.95	\$ 6,287.42
						\$ 24,658.37	\$ 18,370.95	\$ 6,287.42
*Principal and Interest				Ref.		C	C-6	C

SCHEDULE OF CAPITAL LEASES PAYABLE
SOMERSET COUNTY IMPROVEMENT AUTHORITY

PROJECT DESCRIPTION	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LEASES DATE	AMOUNT	BALANCE DEC. 31, 2013	DECREASED	BALANCE DEC. 31, 2014
Various Capital Equipment - 2012*	308,050.00	1.85%	7/15/2013	101,739.32	206,310.68	102,680.41	103,630.27
		1.85%	7/15/2014	102,680.41			
		1.85%	7/15/2015	103,630.27			
Various Capital Equipment - 2012*	609,030.00	2.10%	7/15/2013	119,274.79	489,755.21	120,527.18	369,228.03
		2.10%	7/15/2014	120,527.18			
		2.10%	7/15/2015	121,792.72			
		2.10%	7/15/2016	123,071.54			
		2.10%	7/15/2017	124,363.77			
					\$ 696,065.89	\$ 223,207.59	\$ 472,858.30
				Ref.	C	C-6	C

* Denotes Leases entered into subsequent to July 1, 2007.

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-14

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION GREEN TRUST PROGRAM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>DATE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2014</u>
Energy Efficient Equipment	\$1,132,878.21	9/7/12	3.7529%	2012	19,152.07	\$ 1,038,564.86	\$ 63,692.61	\$ 974,872.25
				2013	75,161.28			
				2014	63,692.61			
				2015	53,425.75			
				2016	58,078.40			
				2017	63,416.84			
				2018	69,494.03			
				2019	73,537.99			
				2020	79,182.72			
				2021	84,692.27			
				2022	89,968.03			
				2023	97,746.67			
				2024	105,246.65			
				2025	111,713.64			
				2026	88,369.26			
						<u>\$ 1,038,564.86</u>	<u>\$ 63,692.61</u>	<u>\$ 974,872.25</u>
						C	C-6	C

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-15

SCHEDULE OF VARIOUS RESERVES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Increases	Balance Dec. 31, 2014
Reserve for:			
Cash Reserves:			
To Pay Green Trust Loan Payable	\$ 114,540.72	\$	\$ 114,540.72
To Pay Debt Service	235,929.41		235,929.41
Interest Earned - Green Trust Loan	12,146.16		12,146.16
Pierce, Davidson & Elizabeth	402.89		402.89
Due from Rutgers/Huthcheson - VBT	19,482.04		19,482.04
Villagers Lease Program	10,244.56	1,128.66	11,373.22
Developers Agreement	33,565.00		33,565.00
Franklin Township Library	24,632.00		24,632.00
	<u>\$ 450,942.78</u>	<u>\$ 1,128.66</u>	<u>\$ 452,071.44</u>
Ref.	C	C-2	C

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-16

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>	Se	
Balance, December 31, 2013	C		\$ 97,339.74
Increased by:			
Budget Appropriation	C-8		<u>147,000.00</u>
			244,339.74
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9		<u>154,050.00</u>
Balance, December 31, 2014	C		<u><u>\$90,289.74</u></u>

TOWNSHIP OF FRANKLIN
GENERAL CAPITAL FUND

C-17

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	AUTHORIZED 2014	2014 FUNDING	BALANCE DEC. 31, 2014
	<u>General Improvements</u>				
3474	Construction of Veterans Memorial	\$ 42,047.00	\$	\$ 42,000.00	\$ 47.00
3606	Trunked Radio System	324,790.00		170,000.00	154,790.00
3811	2009 Road Overlay Program	643,262.06		315,000.00	328,262.06
3819	Repaving of Municipal Parking Lot	525,164.61		265,000.00	260,164.61
3822	Various Capital Improvements - FY2009	679,500.00		485,000.00	194,500.00
3876	2010 Road Overlay	628,500.00		430,000.00	198,500.00
3922-11	New Telephone System (Amended)	330,000.00		295,000.00	35,000.00
3941-11	Document Imaging Project	370,905.00		370,000.00	905.00
3963	2012 Road Overlay Program	2,366,500.00		2,100,000.00	266,500.00
3964	Amend. Ord. 3260 Improv. Middlebush Park	214,000.00		214,000.00	
3981	Various Technology Improvements	377,100.00		265,000.00	112,100.00
3982	2012 Road Resurfacing Program	2,570,000.00		1,900,000.00	670,000.00
4026	2013 Road Overlay Program	2,600,000.00		2,000,000.00	600,000.00
4027	2013 Various Capital Improvements	983,000.00		983,000.00	
4029	Improvements to Middlebush Park	3,346,250.00		3,346,000.00	250.00
4071	Acquisition of Skillmans Lane. Property		2,375,000.00		2,375,000.00
4072	Improvements to Castleton Park		551,900.00		551,900.00
		<u>\$ 16,001,018.67</u>	<u>\$ 2,926,900.00</u>	<u>\$ 13,180,000.00</u>	<u>\$ 5,747,918.67</u>

Ref.

Footnote C

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

CASH AND INVESTMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2014

D-6

Ref.	Operating Fund	Assessment Trust Fund	Capital Fund
D	\$ 5,296,977.22	\$ 14,487.70	\$ 6,115,422.89
Increased by Receipts:			
Treasurer - Misc. Revenue	\$ 7,526.06	\$	
Collector - Misc. Revenue	908,031.58		
Water Rent Collections	11,538,724.94		
Fire Service Rent Collections	1,082,485.49		
Water Rent Overpayments	70,080.07		
Miscellaneous Revenue Not Anticipated	457,890.62		6,449.42
Interfunds Receivable/Payable	1,146,714.84		6,580,000.00
Sale of Bonds - Proceeds			
	<u>15,211,453.60</u>		<u>6,586,449.42</u>
	20,508,430.82	14,487.70	12,701,872.31
Decreased by Disbursements:			
Refund of Prior Year Revenues	10,800.02		
Budget Expenditures	10,983,978.81		
Appropriation Reserves	1,188,385.29		
Water Rent Overpayments Refunded	49,248.00		
Accounts Payable	27,731.51		
Improvement Authorizations			1,824,634.33
Interfunds Receivable/Payable		14,487.70	180,827.14
	<u>12,260,143.63</u>	<u>14,487.70</u>	<u>2,005,461.47</u>
Balance, December 31, 2014	<u>\$ 8,248,287.19</u>	<u>\$</u>	<u>\$10,696,410.84</u>

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

D-7

	<u>Balance</u> <u>December 31, 2013</u>	<u>Balance</u> <u>December 31, 2014</u>
Collector	<u>\$ 200.00</u>	<u>\$ 200.00</u>
<u>Ref.</u>	D	D

WATER UTILITY OPERATING FUND
ANALYSIS OF CASH AND INVESTMENTS
WATER UTILITY ASSESSMENT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

D-8

	<u>Balance</u> <u>December 31, 2013</u>	<u>Balance</u> <u>December 31, 2014</u>
Fund Balance	<u>\$ 14,487.70</u>	<u>\$ 14,487.70</u>
<u>Ref.</u>	D	D

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
ANALYSIS OF CASH AND INVESTMENTS
WATER UTILITY CAPITAL CASH
DECEMBER 31, 2014

D-9

	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2014</u>
Fund Balance	D-2	\$ 1,550,304.42
Capital Improvement Fund	D-26	1,948,015.01
Improvement Authorizations Funded	D-22	6,500,029.81
Improvement Authorizations Unfunded	D-22	4,347,518.64
Bonds and Notes Authorized But Not Issued	D-29	(4,355,383.00)
Reserve for Encumbrances	D-22	507,127.49
Reserve to Pay Debt Service	D-23	67,589.50
Interfunds Payable	D-14	131,208.97
		<hr/>
	D	<u>\$ 10,696,410.84</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2014

D-10

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 1,604,461.10
Increased by:			
Water Rents Billed (Net)	Reserve		<u>11,653,376.13</u>
			13,257,837.23
Decreased by:			
Collections	D-6	11,538,724.94	
Transfers to Liens	D-12	<u>226.40</u>	
			<u>11,538,951.34</u>
Balance, December 31, 2014	D		<u><u>\$ 1,718,885.89</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF FIRE SERVICE RENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-11

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 460,049.87
Increased by:			
Fire Service Rent Billings (Net)	Reserve		<u>1,058,041.46</u>
			1,518,091.33
Decreased by:			
Collections	D-6	1,082,485.49	
Prepays Applied	D-19	<u>138.31</u>	
			<u>1,082,623.80</u>
Balance, December 31, 2014	D		<u><u>\$ 435,467.53</u></u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER LIENS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-12

	<u>Ref.</u>		
Balance, December 31, 2013	D		\$ 299.90
Increased by:			
Transfers from:			
Water Rents	D-10	<u>226.40</u>	
			<u>226.40</u>
			526.30
Balance, December 31, 2014	D		<u>\$ 526.30</u>

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-13

	<u>Ref.</u>	<u>Total</u>	<u>Current</u>	<u>Water Assessment Trust</u>	<u>Water Utility Capital</u>
Balance, December 31, 2013					
Due From	D	\$ (310,586.69)	\$	\$	\$ (310,586.69)
Due To	D	<u>785,204.84</u>	<u>785,204.84</u>		
Adjustments:					
Accrued Interfunds	D-4, D-3	944,950.58	951,400.00		(6,449.42)
Capital Improvement Fund	D-4, D-3	5,000.00			5,000.00
Receipts/Disbursements/Payments on Behalf	D-14	<u>195,314.84</u>		<u>14,487.70</u>	<u>180,827.14</u>
Subtotal		<u>1,619,883.57</u>	<u>1,736,604.84</u>	<u>14,487.70</u>	<u>(131,208.97)</u>
Balance, December 31, 2014					
Due From	D	\$ (131,208.97)	\$	\$	\$ (131,208.97)
Due To	D	<u>\$ 1,751,092.54</u>	<u>\$ 1,736,604.84</u>	<u>\$ 14,487.70</u>	<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-14

	<u>Ref.</u>	<u>Total</u>	<u>Water Utility Operating</u>
Balance, December 31, 2013			
Due To	D	310,586.69	\$ 310,586.69
Adjustments:			
Funds Received	D-6	6,449.42	6,449.42
Capital Improvement Fund	D-26	(5,000.00)	(5,000.00)
Disbursed on Behalf	D-13	<u>(180,827.14)</u>	<u>(180,827.14)</u>
		<u>(179,377.72)</u>	<u>(179,377.72)</u>
Balance, December 31, 2014			
Due To	D	<u>\$ 131,208.97</u>	<u>\$ 131,208.97</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014

D-15

<u>Account</u>	<u>Balance</u> <u>December 31, 2013</u>	<u>By</u> <u>Ordinance</u>	<u>Additions</u>		<u>Balance</u> <u>December 31, 2014</u>
			<u>By Budget</u>	<u>Capital Outlay</u>	
Land & Distribution Rights	\$ 271,211.76	\$			\$ 271,211.76
Distrib. Mains & Appurt.	23,920,849.33				23,920,849.33
Meters, Meter Boxes, Vaults & Equip.	2,876,275.15			180,827.14	3,057,102.29
Fire Hydrants	283,871.91				283,871.91
Engineering Costs	1,636,234.75				1,636,234.75
Legal Services and Costs	157,771.90				157,771.90
Int. During Constr.	113,834.97				113,834.97
Office Equip.	51,876.32				51,876.32
Construction Equip.	658,910.83				658,910.83
Trailer	2,933.45				2,933.45
Transportation	176,159.51				176,159.51
Building Improvements, Extensions	284,843.03				284,843.03
Fuel Depot and Storage Shed	208,705.36				208,705.36
Miscellaneous Expenses	1,589,830.99				1,589,830.99
	<u>\$ 32,233,309.26</u>	<u>\$</u>	<u>\$ 180,827.14</u>		<u>\$ 32,414,136.40</u>
<u>Ref.</u>	<u>D</u>		<u>D-27</u>		<u>D</u>

The Fixed Capital as reported is taken from the municipal records and does not necessarily reflect the true condition of such Fixed Capital.

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2014
D-16

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2013	2014 Authorization	Balance December 31, 2014
		Date	Amount			
3544	Various Capital Improvements	6/8/2005	\$ 1,415,383.00	\$ 1,415,383.00	\$	\$ 1,415,383.00
3608	Acq. Of Var. Vehicles and Equip.	6/13/2006	397,000.00	397,000.00		397,000.00
3612	Constr. Of Steel Garage	6/13/2006	55,000.00	55,000.00		55,000.00
3684	Various Capital Improvements		1,848,000.00	1,848,000.00		1,848,000.00
3762	Various Capital Improvements	6/24/2008	4,929,250.00	4,929,250.00		4,929,250.00
3823	Various 2009 Capital Improvements	4/28/2009	482,000.00	482,000.00		482,000.00
3852/	Interconnect Water Line -	10/27/2009	750,000.00			
4033	New Brunswick (Amended)	9/10/13	430,000.00	1,180,000.00		1,180,000.00
3952	Various 2011 Water System Improvements	10/25/11	840,000.00	840,000.00		840,000.00
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00	656,000.00		656,000.00
4035	Engineering Services - Little Rocky Hill Water Main	9/10/13	210,000.00	210,000.00		210,000.00
4064	Various Capital Acquisitions & Improvements	6/24/14	4,105,000.00	4,105,000.00		4,105,000.00
				<u>\$ 12,012,633.00</u>	<u>\$ 4,105,000.00</u>	<u>\$ 16,117,633.00</u>
		Ref.		D	D-22	D

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

D-17

	Balance December 31, 2013	Reserve for Encumbrances December 31, 2013	Amount After Modification	Paid or Charged	Accounts Payable December 31, 2014	Balance Lapsed
Operating:						
Salaries and Wages	\$ 1,022.38	\$ -	\$ 1,022.38	\$ 1,022.38	\$ -	\$ -
Other Expenses	378,877.14	1,126,640.30	1,505,517.44	1,187,362.91	4,501.98	313,652.55
Health Benefits	-	-	-	-	-	-
Capital Improvements:						
Capital Outlay	250,000.00	-	250,000.00	-	-	250,000.00
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	744.25	-	744.25	-	-	744.25
	<u>\$ 630,643.77</u>	<u>\$ 1,126,640.30</u>	<u>\$ 1,757,284.07</u>	<u>\$ 1,188,385.29</u>	<u>\$ 4,501.98</u>	<u>\$ 564,396.80</u>

Ref.

D

D

D-6

D-20

D-1

TOWNSHIP OF FRANKLIN
WATER UTILITY OPERATING FUND

D-18

SCHEDULE OF WATER RENT OVERPAYMENTS
WATER UTILITY OPERATING FUND

	<u>REF.</u>	<u>WATER RENTS</u>
Balance - December 31, 2013	D	\$ 57,819.44
Increased by:		
Overpayments Received	D- 6	70,080.07
		<u>127,899.51</u>
Decreased by:		
Overpayments Refunded	D- 6	49,248.00
		<u>49,248.00</u>
Balance - December 31, 2014	D	<u>\$ 78,651.51</u>

D-19

SCHEDULE OF PREPAID FIRE SERVICE RENTS
WATER UTILITY OPERATING FUND

	<u>REF.</u>	<u>FIRE SERVICE</u>
Balance - December 31, 2013	D	\$ 323.32
Decreased by:		
Prepaid Fire Service Rents Applied	D-11	138.31
		<u>138.31</u>
Balance - December 31, 2014	D	<u>\$ 185.01</u>

D-20

SCHEDULE OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 830,925.79
Increased by:		
Charged to Approp. Reserves	D-17	4,501.98
		<u>4,501.98</u>
		835,427.77
Decreased by:		
Accounts Payable Liquidated	D-6	27,731.51
		<u>27,731.51</u>
Balance - December 31, 2014	D	<u>\$ 807,696.26</u>

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-21

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 50,167.50
Increased by:		
Adjustments to Accrued Interest	D-1	<u>15,323.13</u>
Balance, December 31, 2014	D	<u><u>\$ 65,490.63</u></u>

Analysis of Balance - December 31, 2014

Principle Outstanding <u>December 31, 2014</u>	Interest Rate	<u>From</u> <u>2014</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
General & Refunding Bonds:					
\$ 774,000.00	Various	July 15	December 31, 2014	5.5 mos.	\$ 14,190.00
3,330,000.00	Various	November 15	December 31, 2014	1.5 mos.	13,875.00
6,580,000.00	Various	November 1	December 31, 2014	2 mos.	24,707.29
Environmental Loan:					
\$ 360,000.00	Various	August 1	December 31, 2014	5.0 mos.	7,822.50
235,000.00	Various	August 1	December 31, 2014	5.0 mos.	<u>4,895.84</u>
Total					<u><u>\$ 65,490.63</u></u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

D-22

Ord No.	Improvement Description	ORDINANCE		Balance, December 31, 2013		2014 Authorizations	Encumbrances December 31, 2013	Paid or Charged	Encumbrances December 31, 2014	Balance, December 31, 2014	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
General Improvements:											
3544	Various Capital Improvements	6/08/05	\$ 1,415,383.00	\$	\$	\$	\$ 29,366.23	\$ 21,745.25	\$ 44,791.01	\$ (37,553.03)	\$ 383.00
3608	Acq. Of Var. Vehicles and Equipment	6/13/05	397,000.00	2,316.08						2,316.08	
3684	Various 2007 Capital Improvements		1,848,000.00	895,827.71	339,000.00			417,910.50	60,000.00	417,917.21	339,000.00
3762	Various 2008 Capital Improvements	6/24/08	4,929,250.00	830,375.47	3,600,000.00					830,375.47	3,600,000.00
3823	Various 2009 Capital Improvements, Amended	4/28/09	482,000.00	125,303.00			680.00			125,983.00	
3852/	Interconnect Water Line -	10/27/09	750,000.00								
4033	New Brunswick (Amended)	9/10/13	430,000.00		1,173,022.25			683,673.15	361,336.48	128,012.62	407,135.64
3952	Various 2011 Water System Improvements	10/25/11	840,000.00		421,292.64		346,312.60	360,469.60		157,559.17	1,000.00
4028	Various Capital Acquisitions & Improvements	7/16/13	656,000.00		168,697.97		330,697.03	340,835.83		196,920.00	
4035	Engineering Services - Little Rocky Hill Water Ma	9/10/13	210,000.00	27,700.00			169,220.00		41,000.00	4,064,000.00	
4064	Various Capital Acquisitions & Improvements	6/24/14	4,105,000.00			4,105,000.00					
Local Improvements:											
2059	Acquis. and Implementation of a Booster Pump Station Along Rt 27	2/11/98	800,000.00	614,499.29						614,499.29	
				\$ 2,496,021.55	\$ 5,702,012.86	\$ 4,105,000.00	\$ 876,275.86	\$ 1,824,634.33	\$ 507,127.49	\$ 6,500,029.81	\$ 4,347,518.64

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2014

D-23

	<u>Balance</u> <u>December 31, 2013</u>	<u>Increases</u>	<u>Balance</u> <u>December 31, 2014</u>
Reserve for:			
To Pay Debt Service	\$ 67,589.50	\$	\$ 67,589.50
	<u>\$ 67,589.50</u>	<u>\$</u>	<u>\$ 67,589.50</u>
<u>Ref.</u>	D		D

D-24

D-24

D-24

TOWNSHIP OF FRANKLIN
WATER CAPITAL FUND

SCHEDULE OF WATER LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2014

D-25
Sheet # 1

DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE Dec. 31, 2013	DECREASED	BALANCE Dec. 31, 2014
			DATE	AMOUNT			
Infrastructure Water Loan	\$ 855,000.00	5.000%	08/01/02-08/01/05	\$ 30,000.00	\$ 410,000.00	\$ 50,000.00	\$ 360,000.00
		5.000%	08/01/06-08/01/08	35,000.00			
		5.000%	8/1/2009	40,000.00			
		5.000%	8/1/2010	40,000.00			
		5.000%	8/1/2011	45,000.00			
		5.000%	8/1/2012	45,000.00			
		5.000%	8/1/2013	50,000.00			
		5.000%	8/1/2014	50,000.00			
		5.125%	8/1/2015	50,000.00			
		5.125%	8/1/2016	55,000.00			
		5.250%	8/1/2017	60,000.00			
		5.250%	8/1/2018	60,000.00			
		5.250%	8/1/2019	65,000.00			
		5.250%	8/1/2020	70,000.00			

YEAR	SEMI-ANNUAL PRINCIPAL		
	1-Feb		
	1-Aug		
Infrastructure Water Loan - Principal Only	11/9/2000	\$ 858,733.00	
		(173,121.00)	
		<u>\$ 685,612.00</u>	
	2001	\$	\$ 23,484.58
	2002		31,820.79
	2003		31,359.71
	2004		30,898.62
	2005		30,437.53
	2006		33,050.36
	2007		32,512.42
	2008		31,974.49
	2009		34,510.47
	2010		33,895.69
	2011		36,354.82
	2012		35,663.19
	2013		38,045.47
	2014		37,276.99
2015		36,508.52	
2016		38,794.74	
2017		674.55	

TOWNSHIP OF FRANKLIN
WATER CAPITAL FUND

D-25
Sheet # 2

SCHEDULE OF WATER LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2014

DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE Dec. 31, 2013	DECREASED	BALANCE Dec. 31, 2014	
			DATE	AMOUNT				
Infrastructure Water Loan	\$ 860,000.00	3.000%	8/1/04-8/1/05	45,000.00	\$ 305,000.00	\$ 70,000.00	235,000.00	
		4.000%	8/1/06-8/1/07	50,000.00				
		5.000%	8/1/2008-8/1/09	55,000.00				
		5.000%	8/1/2010	60,000.00				
		5.000%	8/1/2011	60,000.00				
		5.000%	8/1/2012	65,000.00				
		5.250%	8/1/2013	70,000.00				
		5.250%	8/1/2014	70,000.00				
		5.000%	8/1/2015	75,000.00				
		5.000%	8/1/2016	80,000.00				
		5.000%	8/1/2017	80,000.00				
Infrastructure Water Loan - Principal Only	\$ 922,000.00	YEAR	SEMI-ANNUAL PRINCIPAL		312,960.48	312,960.48		
			1-Feb	1-Aug				
			\$	14,974.97				\$ 26,289.40
				14,476.42				48,211.87
				13,977.87				47,713.12
				13,239.28				50,907.54
				12,500.69				50,168.95
				11,485.12				53,123.32
				10,469.56				52,107.75
				9,361.67				54,785.15
				8,253.78				53,677.26
	7,053.56	56,262.34						
	5,696.40	58,755.09						
	4,339.23	57,397.93						
	2,954.27	59,733.73						
	1,477.18	62,041.83						
		60,564.82						
					\$ 1,202,796.32	\$476,775.30	\$ 726,386.02	
					D		D	
					Ref			
					NJET Loans Payable		\$204,688.40	
					NJET Loans Deobligated		272,086.90	
							\$476,775.30	

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

D-26

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 1,943,015.01
Increased by:		
Budget Appropriation	D-14	5,000.00
		<u>1,948,015.01</u>
Balance, December 31, 2014	D	<u>\$ 1,948,015.01</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2014

D-27

	<u>Ref.</u>	
Balance, December 31, 2013		\$ 31,125,939.94
Increased by:		
Additions by Capital Outlay	D-15	180,827.14
Bonds/Loans Defeased/Deobligated	D-25	272,086.90
Paid by Budget Appropriations:		
NJEIT Loans	D-25	\$ 204,688.40
Serial Bonds	D-24	<u>813,000.00</u>
		<u>1,017,688.40</u>
Balance, December 31, 2014	D	<u>\$ 32,596,542.38</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2014

D-28

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 210,000.00
Balance, December 31, 2014	D	<u>\$ 210,000.00</u>

See Independent Auditors' Report

TOWNSHIP OF FRANKLIN
WATER UTILITY FUND

WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2014

D-29

<u>Ord No.</u>	<u>Improvement Description</u>	Balance December 31, 2013	2014 Authorizations	2014 FUNDING	CANCELED	Balance December 31, 2014
3544	Various Capital Improvements	\$ 215,383.00	\$	\$ 215,000.00	\$	\$ 383.00
3684	Various Capital Improvements	339,000.00				339,000.00
3762	Various 2008 Capital Improvements	3,600,000.00				3,600,000.00
3852/4033	Interconnect Water Line - Brunswick	1,180,000.00		1,180,000.00		
3952	Various 2011 Water System Improvements	840,000.00		425,000.00		415,000.00
4028	Various Capital Acquisitions & Improvements	656,000.00		655,000.00		1,000.00
4064	Various Capital Acquisitions & Improvements		4,105,000.00	4,105,000.00		
		<u>\$ 6,830,383.00</u>	<u>\$ 4,105,000.00</u>	<u>\$ 6,580,000.00</u>	<u>\$</u>	<u>\$ 4,355,383.00</u>

Ref.

D

D

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E-1

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCT. #1</u>	<u>P.A.T.F.</u> <u>ACCT. #2</u>	<u>FUND</u> <u>TOTAL</u>
Balance-December 31, 2013	E,E-2,E-3	\$76,069.78	(\$2,455.96)	\$73,613.82
Increased by Receipts:				
State Aid for Public Assistance	E- 6		176,733.73	176,733.73
S.S.I. Reimbursements	E- 6		19,235.83	19,235.83
Client Refunds	E-6		420.00	420.00
	E-2,E-3,E-4		196,389.56	196,389.56
		76,069.78		270,003.38
Decreased by Disbursements:				
Disbursed for Public Assistance	E-6		178,082.55	178,082.55
S.S.I. Reimbursements to Clients	E-6		15,753.83	15,753.83
Transferred to Trust Other Fund	E-6	75,935.50		75,935.50
Misc	E-6	134.28	97.22	231.50
	E-2,E-3,E-5	76,069.78	193,933.60	270,003.38
Balance- December 31, 2014	E,E-2,E-3			

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E-2

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>REF.</u>	
Balance -December 31, 2013	E-1	\$ 73,613.82
Increased by:		
Cash Receipts Record	E-1	<u>196,389.56</u>
		270,003.38
Decreased by:		
Cash Disbursed	E-1	<u>270,003.38</u>
Balance - December 31, 2014	E-1, E-2	<u><u>\$</u></u>

Reconciliation - December 31, 2014

	<u>P.A.T.F.</u> <u>ACCT. #1</u>	<u>P.A.T.F.</u> <u>ACCT. #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
- Government Agency Account	\$ -	\$ -	\$ -
Less: Outstanding Checks	<u> </u>	<u> </u>	<u> </u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Ref.

E-2

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E-3

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	<u>REF.</u>		
Balance - December 31, 2013	E- 1		\$ 73,613.82
Increased by:			
Cash Receipts Record	E- 1		<u>196,389.56</u>
			270,003.38
Decreased by:			
Cash Disbursements Record:			
FY 2014 Assistance		178,082.55	
Miscellaneous		231.50	
Transferred to Trust Other Fund		75,935.50	
S.S.I. Reimbursements to Clients		<u>15,753.83</u>	
	E- 1		<u>270,003.38</u>
Balance - December 31, 2014	E-1,E-3		<u>\$</u>
<u>Reconciliation - December 31, 2014:</u>			
	<u>P.A.T.F.</u>	<u>P.A.T.F.</u>	
	<u>ACCT #1</u>	<u>ACCT #2</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Bank of America, Somerset, N.J.			
- Government Agency Account	<u>\$</u>	<u>\$</u>	<u>\$</u>

Ref.

E- 3

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E-4

SCHEDULE OF PUBLIC ASSISTANCE REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	P.A.T.F. ACCT. #2	FUND TOTAL
State Aid Payments	\$ 176,733.73	\$ 176,733.73
State Aid for Public Assistance	176,733.73	176,733.73
Supplemental Security Income:		
Client Refund	19,235.83	19,235.83
Miscellaneous Income	420.00	420.00
Total Receipts/Revenues (PATF)	<u>\$ 196,389.56</u>	<u>\$ 196,389.56</u>

Ref.

E- 1

E-5

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	P.A.T.F. ACCT. #2	P.A.T.F. TOTAL
Payments for Current Year Assistance (Reported):		
Maintenance Payments	\$ 81,310.10	\$ 81,310.10
Other:		
Temporary Rent Assistance	81,074.74	81,074.74
Miscellaneous	1,083.71	1,083.71
Transportation	14,614.00	14,614.00
Total Reported	178,082.55	178,082.55
Transferred to Trust Other Fund	75,935.50	75,935.50
Miscellaneous	231.50	231.50
SSI Payment to Clients	15,753.83	15,753.83
Total Disbursements (PATF)	<u>\$ 270,003.38</u>	<u>\$ 270,003.38</u>

Ref.

E- 1

TOWNSHIP OF FRANKLIN
PUBLIC ASSISTANCE FUND

E-6

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

REF.

Balance - December 31, 2013			\$
Reserve for Public Assistance	E	\$71,157.82	
Advanced State Aid	E	<u>2,456.00</u>	
			\$ 73,613.82
Increased by:			
Miscellaneous	E- 1	420.00	
State Aid for Public Assistance	E- 1	176,733.73	
S.S.I. Reimbursements	E- 1	<u>19,235.83</u>	
			<u>196,389.56</u>
			270,003.38
Decreased by:			
Payments for Public Assistance	E- 1	178,082.55	
S.S.I. Reimbursements:			
Disbursed to Clients	E- 1	15,753.83	
Miscellaneous	E- 1	231.50	
Transferred to Trust Other Fund	E- 1	<u>75,935.50</u>	
			<u>270,003.38</u>
Balance - December 31, 2014	E- 6		<u><u>\$</u></u>
<u>Analysis of Balance - December 31, 2014:</u>			
Reserve for Public Assistance	E		\$
Advanced State Aid	E		<u>\$</u>
	E- 6		<u><u>\$</u></u>

SUPPLEMENTARY DATA

**TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, NEW JERSEY**

**COMBINED BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2014**

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER UTILITY FUND	PUBLIC ASSISTANCE FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
							DEC. 31, 2014	DEC. 31, 2013
ASSETS								
Cash and Investments	\$ 33,227,506.62	\$ 38,654,805.91	\$ 6,342,201.63	\$ 18,944,898.03	\$	\$	\$ 97,169,412.19	\$ 80,497,166.07
Accounts Receivable								
State and Federal Grants Receivable	2,796,695.90		59,756.24				2,856,452.14	3,068,191.19
Due from State of New Jersey	20,854.55						20,854.55	17,604.58
Taxes, Assessments, Liens & Utility Charges								
Interfund Loans	3,097,801.92	122,166.85		2,154,879.72			5,374,848.49	5,572,661.47
Other Accounts Receivable	2,120,171.80	1,657,824.78	1,907,442.08	145,696.67			5,831,135.33	3,275,131.51
Property Acquired For Taxes at Assessed Valuation	28,296.45						28,296.45	329,489.42
Inventory	329,973.00						329,973.00	329,973.00
Fixed Assets - Governmental				803,617.65			803,617.65	218,272.55
Fixed Capital - Utility						56,901,615.34	56,901,615.34	55,537,852.24
Fixed Capital - Authorized and Uncompleted - Utility				32,414,136.40			32,414,136.40	32,233,309.26
Deferred Charges to Revenue of Succeeding Years				16,117,633.00			16,117,633.00	12,012,633.00
Deferred Charges to Future Taxation:								
General Capital Fund/Open Space Fund		16,685,000.00	29,553,936.64				46,238,936.64	50,307,307.79
Total Assets	\$ 41,621,300.24	\$ 57,119,797.54	\$ 37,863,336.59	\$ 70,580,851.47	\$	\$ 56,901,615.34	\$ 264,086,911.18	\$ 243,399,592.08
LIABILITIES, RESERVES AND FUND BALANCE								
Bonds and Notes Payable	\$	16,685,000.00	\$ 22,352,000.00	\$ 10,684,000.00	\$	\$	\$ 49,721,000.00	\$ 37,464,000.00
Leases and Loans Payable			1,454,017.97	685,844.02			2,139,861.99	2,921,908.44
Prepaid Taxes, Assessments, Utility Charges and Licenses	1,583,670.29			185.01			1,583,855.30	1,471,518.98
Tax, Assessment, Lien, License and Utility Charge Overpayments	71,431.96			78,651.51			150,083.47	156,107.80
Appropriation Reserves	3,698,410.01			1,707,424.71			5,405,834.72	3,586,616.70
Reserves for Encumbrances/Accounts Payable	2,536,538.85	242,750.42	786,191.76	1,456,921.00			5,022,402.03	9,174,491.87
Due County for Added Taxes								264,566.99
Other Liabilities				65,490.63			65,490.63	50,167.50
Amounts Pledged to Specific Purposes	7,363,337.08	36,120,650.53	542,361.18	2,015,604.51			46,041,953.30	46,324,448.31
Interfund Loans	2,698,010.87	1,250,822.95		1,882,301.51			5,831,135.33	3,275,131.51
Escrow Funds		2,044,292.78					2,044,292.78	1,918,806.54
Improvement Authorizations			10,069,005.98	10,847,548.45			20,916,554.43	17,514,428.03
Investments in Governmental Fixed Assets						56,901,615.34	56,901,615.34	55,537,852.24
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized							32,806,542.38	31,335,939.94
Reserve for Certain Assets Acquired or Receivables & Inventories	5,562,149.16						8,520,646.53	7,217,196.36
Fund Balance	18,107,752.02	776,280.86	2,659,759.70	5,391,850.37			26,935,642.95	25,186,410.87
Total Liabilities, Reserves and Fund Balance	\$ 41,621,300.24	\$ 57,119,797.54	\$ 37,863,336.59	\$ 70,580,851.47	\$	\$ 56,901,615.34	\$ 264,086,911.18	\$ 243,399,592.08

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

REVENUE AND OTHER <u>INCOME REALIZED</u>	CALENDAR YEAR 2014		CALENDAR YEAR 2013	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
Fund Balance Utilized	\$ 5,839,320.49	2.53	\$ 6,961,049.11	3.09
Miscellaneous - From Other than Local Property Tax Levies	18,425,597.42	8.00	17,153,445.70	7.62
Collection of Delinquent Taxes and Tax Title Liens	2,495,093.22	1.08	2,019,322.85	0.90
Collections of Current Tax Levy	<u>203,681,938.34</u>	<u>88.39</u>	<u>199,085,603.50</u>	<u>88.40</u>
Total Income	\$ <u>230,441,949.47</u>	<u>100.00</u>	\$ <u>225,219,421.16</u>	<u>100.00</u>
<u>EXPENDITURES</u>				
Budget Expenditures				
Municipal Purposes	\$ 52,669,559.73	23.46	\$ 51,319,842.15	23.42
Special District Taxes	6,311,104.00	2.81	5,659,630.00	2.58
County Taxes	30,681,233.07	13.66	29,935,838.25	13.66
Local School Taxes	128,277,241.00	57.13	125,997,973.00	57.49
Municipal Open Space	4,475,531.00	1.99	4,434,391.00	2.02
Other Expenditures	<u>2,140,548.10</u>	<u>0.95</u>	<u>1,801,874.63</u>	<u>0.82</u>
Total Expenditures	<u>224,555,216.90</u>	<u>100.00</u>	<u>219,149,549.03</u>	<u>100.00</u>
Less: Expenditures to be Raised by Future Taxes				
Total Adjusted Expenditures	<u>224,555,216.90</u>		<u>219,149,549.03</u>	
Excess in Revenue	5,886,732.57		6,069,872.13	
Fund Balance January 1	<u>18,060,339.94</u>		<u>18,951,516.92</u>	
	23,947,072.51		25,021,389.05	
Less: Util. as Anticipated Revenue	<u>5,839,320.49</u>		<u>6,961,049.11</u>	
Fund Balance December 31	\$ <u>18,107,752.02</u>		\$ <u>18,060,339.94</u>	

TOWNSHIP OF FRANKLIN
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - WATER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED	CALENDAR YEAR 2014		CALENDAR YEAR 2013	
	AMOUNT	%	AMOUNT	%
Fund Balance Utilized	\$ 1,803,455.00	11.02	\$ 2,200,000.00	14.94
Water and Fire Service Rents	12,621,348.74	77.10	9,869,909.51	67.01
Miscellaneous - From Other than Rent Charges	<u>1,944,294.48</u>	<u>11.88</u>	<u>2,659,993.37</u>	<u>18.06</u>
Total Income	<u>\$ 16,369,098.22</u>	<u>100.00</u>	<u>\$ 14,729,902.88</u>	<u>100.00</u>
EXPENDITURES				
Budget Expenditures				
Operating	\$ 11,086,600.00	86.18	\$ 10,901,543.17	85.95
Debt Service	1,218,500.77	9.47	1,193,841.76	9.41
Deferred Charges & Statutory Expend.	268,400.00	2.09	261,000.00	2.06
Capital Improvements	265,000.00	2.06	250,000.00	1.97
Other Charges	<u>26,123.15</u>	<u>0.20</u>	<u>77,581.44</u>	<u>0.61</u>
Total Expenditures	<u>12,864,623.92</u>	<u>100.00</u>	<u>12,683,966.37</u>	<u>100.00</u>
Excess/(Deficit) in Revenue	3,504,474.30		2,045,936.51	
Fund Balance January 1	<u>2,126,038.95</u>		<u>2,280,102.44</u>	
Fund Balance December 31	<u>\$ 3,827,058.25</u>		<u>\$ 2,126,038.95</u>	

TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, NEW JERSEY

STATISTICAL DATA

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2103</u>	<u>2012</u>
Tax Rate:	<u>\$2.231</u>	<u>\$2.201</u>	<u>\$2.131</u>
Apportionment of Tax Rate:			
Municipal	<u>\$0.373</u>	<u>\$0.362</u>	<u>\$0.341</u>
Municipal Library	<u>\$0.032</u>	<u>\$0.033</u>	<u>\$0.035</u>
Municipal Open Space	<u>\$0.050</u>	<u>\$0.050</u>	<u>\$0.050</u>
County	<u>\$0.312</u>	<u>\$0.305</u>	<u>\$0.301</u>
County Open Space	<u>\$0.030</u>	<u>\$0.030</u>	<u>\$0.031</u>
Local School	<u>\$1.434</u>	<u>\$1.421</u>	<u>\$1.373</u>
Assessed Valuation:			
2014	<u>\$8,951,061,702</u>		
2013		<u>\$8,868,781,644</u>	
2012			<u>\$8,980,044,323</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2014 CY	\$ 206,780,996.55	\$ 203,681,938.34	98.50%
2013 CY	202,693,144.49	199,085,603.50	98.22%
2012 CY	198,722,304.21	195,164,844.13	98.21%
2011 TY	98,512,303.02	96,130,032.60	97.58%
2011 SFY	192,390,748.25	189,396,078.97	98.44%

CY Calendar Year
SFY State Fiscal Year
TY Transition Year

TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, NEW JERSEY

STATISTICAL DATA

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens at year-end, in relation to the tax levies of the last five 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>
2014 CY	\$ 156,977.35	\$ 2,940,824.57	\$ 3,097,801.92	1.50%
2013 CY	218,996.20	3,166,687.55	3,385,683.75	1.67%
2012 CY	260,396.84	2,614,207.43	2,874,604.27	1.45%
2011 TY	432,827.40	2,685,147.01	3,117,974.41	3.17%
2011 SFY	277,914.17	2,754,246.18	3,032,160.35	1.58%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>YEAR</u>	<u>AMOUNT</u>
2014 CY	\$ 329,973.00
2013 CY	329,973.00
2012 CY	329,973.00
2011 TY	329,973.00

COMPARISON OF WATER UTILITY RENT LEVIES

<u>YEAR</u>	<u>NET LEVY</u>	<u>COLLECTIONS</u>	<u>COLLECTION PERCENTAGE OF NET RENT LEVY</u>
2014 CY	\$ 11,653,376.13	\$ 11,538,724.94	99.02%
2013 CY	10,015,547.81	9,853,305.35	98.38%
2012 CY	8,931,355.88	8,569,917.97	95.95%
2011 TY	4,679,996.09	4,682,576.96	100.06%

TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, NEW JERSEY

STATISTICAL DATA

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>JUNE 30/DEC 31</u>	<u>UTILIZED</u> <u>IN BUDGET OF</u> <u>SUCCEEDING YEAR</u>
CURRENT FUND	2014 CY	\$ 18,107,752.02	\$ 4,922,430.05
	2013 CY	18,060,339.94	5,839,320.49
	2012 CY	18,946,015.25	6,961,049.11
	2011 TY	14,694,573.81	7,502,346.00
	2011 SFY	17,809,781.62	887,649.00
WATER UTILITY OPERATING FUND	2014 CY	\$ 3,827,058.25	\$ -
	2013 CY	2,126,038.95	1,803,455.00
	2012 CY	2,280,102.44	2,200,000.00
	2011 TY	4,487,950.50	3,060,320.00
	2011 SFY	4,514,831.57	1,146,311.00

TONWSHIP OF FRANKLIN
SOMERSET COUNTY, NEW JERSEY

REQUIRED SUPPLEMENTARY INFORMATION
POSTEMPLOYMENT HEALTH BENEFITS
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date*</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2010	\$ -	\$ 122,524,600	\$ 122,524,600	0.00%	\$ 23,041,264	531.76%
1/1/2012	\$ -	\$ 113,863,400	\$ 113,863,400	0.00%	\$ 23,776,854	478.88%
1/1/2014	\$ -	\$ 113,718,400	\$ 113,718,400	0.00%	\$	

* GASB Statement 45 requires a bi-annual calculation of the actuarial accrued liability for postemployment benefit plans - other than pension plans. The next required calculation will be for the actuarial valuation date of January 1, 2016.

PART II
REPORT ON INTERNAL CONTROL AND COMPLIANCE
OFFICIALS IN OFFICE AND SURETY BONDS
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF FRANKLIN
OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2014:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Brian Levine	Mayor	
Rozalyn Sherman	Deputy Mayor	
Rajiv Prasad	Councilman	
Theodore Chase	Councilman	
Brian Regan	Councilman	
Phillip Kramer	Councilman	
Kimberly Francois	Councilwoman	
James Vassanella	Councilman	
Carl R. A. Wright	Councilman	
Robert Vornlocker	Township Manager	
Kathleen Moody	CFO/Treasurer	\$ 1,000,000.00
Carol Langone	Collector of Revenue - Tax Collector, Tax Search Officer	\$ 1,000,000.00
Ann Marie McCarthy	Township Clerk	
Richard Carabelli	Tax Assessor	
Joyce Miller	Administrative Aide, Purchasing	
Maria Del Valle-Koch	Municipal Magistrate	\$ 1,000,000.00
Damaris Santiago	Court Clerk/Administrator	\$ 1,000,000.00
Lou Rainone	Township Attorney	
Msiba Holliman	Registrar of Vital Statistics	
Diane Leach-Thompson	Director of Social Services	
Alice Osipowitz	Director of Parks and Recreation	
Vincent Dominach	Zoning Officer	
Mark Healey	Planner	
John Hauss	Director of Fire Prevention	
Lawrence Roberts	Chief of Police	
Vincent Lupo	Construction Official	
Thomas Zilinek	Township Engineer	
	Director of Public Works	

All other employees, including Municipal Court employees, are covered under a blanket bond in the amount of \$1,000,000.00 issued by Central Jersey Joint Insurance Fund.

All surety bonds were examined and found to be properly executed for items tested.

**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 Council
Township of Franklin
County of Somerset
Franklin, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds of the Township of Franklin, Somerset County, New Jersey (the "Township"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of the Town incorporated herein the schedule of findings and questions costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Francis M. McEnerney, CPA, RMA

Livingston, New Jersey
June 15, 2015

Francis M. McEnerney

Francis M. McEnerney, CPA, RMA
Licensed Registered Municipal Accountant # 539

TOWNSHIP OF FRANKLIN
COUNTY OF SOMERSET, STATE OF NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2014

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of Franklin, County of Somerset, State of New Jersey, for the year ended December 31, 2014, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Franklin, County of Somerset, State of New Jersey.

The audit did not and could not determine the character of service rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Township of Franklin, County of Somerset, New Jersey as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial state reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need to be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in a review of the Township's internal control and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 26, 2015 on the financial statements of the Township of Franklin. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Internal Control Comments:

Control Deficiencies:

We consider the following deficiencies to be control deficiencies in internal control:

Payroll System

Due to system limitations, personnel processing payroll are also required to input salary and/or pay rate information for Township employees in the human resources office also performing those tasks. Internal controls over processing of payroll are more effective when payroll personnel are responsible for inputting earned time while pay rates and contractual salaries are entered separate and apart from the payroll function.

Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Tax Collector's Office, Code Enforcement, Fire Prevention, Engineering, Planning, Board of Adjustment, Recreation, Animal Shelter, Board of Health/Housing/Vital Statistics, Public Works/Mini-Dump, Clerk, Police, Assistant Business Administrator and Municipal Court.

In some respects, this condition is the result of multiple tasks performed by individuals, along with the staffing levels of the respective office.

OTHER MATTERS

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

N.J.S.A. 40A: 11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included with 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 \$17,500 except by the contract or agreement."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year. The bid threshold is \$36,000 when the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A: 11-9). Where question arises as to whether any contract of agreement might result in violation of the statute, Township Counsel's opinion shall be sought before a commitment is made.

The bidding threshold is \$36,000, since the Township has a qualified purchasing agent.

State Contracts

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work of 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.

Examination of expenditures revealed no individual payments in excess of \$36,000 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertising or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-4.

The minutes indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A: 11-5.

The minutes also indicated the awarding of "open-end contracts" pursuant to N.J.A.C. 5:34-4.9.

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 would be in the province of the municipal solicitor.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on May 28, 1970 and amended on February 28, 1980 and February 11, 1982, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments.

WHEREAS, R.S. 54:4-67 has been amended to permit the governing body to fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent and may provide that no interest shall be charged if payment of any installment is made within (10) days after the date upon which the same is payable;

NOW, THEREFORE, BE IT RESOLVED that the Township Council does hereby fix the rate of interest at eight percent (8%) per annum on the first One Thousand Five Hundred Dollars (\$1,500) and at eighteen percent (18%) per annum on any amount in excess of One Thousand Five Hundred (\$1,500) from the date when any tax installment shall be payable and delinquent until the said installment together with interest is paid provided, however, that if any installments shall be paid within ten (10) days after the date payable, in the event there shall be no interest charged.

The governing body, on May 16, 1991, adopted the following resolution authorizing a penalty to be charged on delinquent taxes.

Collection of Interest on Delinquent Taxes and Assessments

WHEREAS, Assembly Bill 4425 (1991) signed into law as of March 29, 1991 amends N.J.S.A. 54:4-67 by addition as follows:

"A 6% penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year."

NOW, THEREFORE, BE IT RESOLVED by the Township Council of the Township of Franklin, Somerset County, State of New Jersey that interest charges by the Township of Franklin on delinquent taxes shall reflect the addition to N.J.S.A. 54:4-67 as stated above.

An examination of the Collector's records indicated that interest on delinquent accounts was calculated in accordance with the foregoing resolution, for items tested.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 12, 2014. Properties that were in bankruptcy proceedings or payable on an installment basis were excluded from the sale.

The following comparison is made of the number of tax title liens receivable for the last three years:

<u>Year</u>	<u>Number of Liens</u>
CY 2014	9
CY 2013	28
CY 2012	109

Interfund Balances

The interfund balances reported are mainly the result of year-end adjustments and journal entries. These balances are not an indication of each respective fund being unable to meet its obligations.

Purchase Order and Encumbrance System

The Township utilized a purchase order system for most of its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Operation of the encumbrance system appeared to be functioning with timely entries made. Some minor payments through the use of confirming orders were noted. Compliance to certification of availability of funds was reviewed and found to be good for items tested. There should be a review of the system capabilities for the recording of multi-year contracts.

Payment of Claims

Payment of claims were examined on a test basis for the year under review with only minor exceptions noted for payment approvals, receiving signatures and purchase approvals.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bonds coverage's in effect at December 31, 2014. The minimum surety bond requirements for both the Tax Collector and Municipal Court were met for year 2014.

During July 1998, the Local Finance Board completed a re-adoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest that the Township review regulations and determine their applicability.

Municipal Court

Our review of the records indicates that not all tickets requiring time payment forms had the form attached.

Our review of the monthly management report indicates a large number of tickets assigned were not issued 180 days after assignment.

Condition of records – Other Officials' Collecting Fees

Our review of the records maintained for other officials collecting fees were designed to determine that minimum levels of internal control and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A: 5-15, and the fees charges were in accordance with the provisions of the Township Code.

Condition of Records – Collector of Revenues

The records maintained by the Collector of Revenues were reviewed. Computerized cash receipt records were agreed to manual controls daily and in total monthly with no exception noted for items tested. No exceptions were noted for the testing of computerized real estate tax billings and billing adjustments for real estate taxes.

Condition of Records – Finance Office

The records of the Finance Office were reviewed. The Finance Office maintains a general ledger for all funds that is suitable to be utilized as the basis for the preparation of financial statements. It was noted that reconciling items exist in the reconciliations of the Payroll Account and the Payroll Agency Accountant, including a number of old outstanding checks. The process of clearing old outstanding checks was initiated during 2014 for both the Payroll and Payroll Agency Accounts and we suggest efforts continue to clear the outstanding items.

Administration and Accounting of State & Federal Grants

During CY 2014, the Township operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Township is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad of compliance and reporting requirements for grant awards, the Township should continue to develop sound administrative functions over grant programs.

The acceptance of grant fund also places additional requirements upon the Township with respect to the Township's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Township's internal controls are required to include systems and policies and procedures designed to ensure compliance with the many requirements. It was noted that currently the Township has limited control procedures in place for the certifying of payroll registers for compliance with the Davis – Bacon Act regarding verification of wage and pay rates for construction projects. The Township should continue to review control procedures for the verification of wage and pay rates for funded construction projects to strengthen controls for compliance with the Davis-Bacon Act. In addition, we suggest the Township review all of the applicable grant requirements and the Township's system of internal controls in order to ensure the Township's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

We suggest the Township review its system of internal controls and various policies and procedures as they apply to the compliance requirements for State and Federal programs.

Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

RECOMMENDATIONS

None

* * * * *

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

Francis M. McEnerney, CPA, RMA

Livingston, New Jersey

June 15, 2015

Francis M. McEnerney

Francis M. McEnerney, CPA, RMA
Licensed Registered Municipal Accountant #539