

**SUMMARY OR SYNOPSIS OF THE 2009 REPORT OF AUDIT OF THE
TOWNSHIP OF FRANKLIN, COUNTY OF SOMERSET, NEW JERSEY
AS REQUIRED BY NJSA 40A:5-7**

COMBINED BALANCE SHEET

ASSETS	BALANCE <u>JUNE 30, 2009</u>	BALANCE <u>JUNE 30, 2008</u>
Cash and Investments	\$78,401,145.57	\$85,627,838.31
Prospective Assmts. Funded	90,000.00	90,000.00
Accounts Receivable:		
State and Federal Grants	3,982,740.41	3,948,833.11
Due from State of NJ	238,020.13	257,999.10
Taxes, Assmts., Liens and Utility Charges	3,952,121.28	3,691,021.09
Property Acquired for Taxes at Assessed Value	329,973.00	329,973.00
Prepaid Taxes		
Interfund Loans	15,505,491.12	11,006,591.90
Other Accounts Receivable	3,240,181.59	4,035,670.52
Inventory	218,272.55	218,272.55
Deferred Charges to Revenue of Succeeding Years		
Deferred Charges to Future Taxation:		
Funded	48,394,021.15	54,456,103.15
Unfunded	16,354,936.75	13,937,432.27
Unfunded	25,067,277.43	25,067,277.43
Fixed Capital		
Fixed Capital – Authorized and Uncompleted	21,154,945.00	20,672,945.00
Fixed Assets	<u>51,056,186.48</u>	<u>50,214,913.28</u>
 Total Assets	 <u>\$267,985,312.46</u>	 <u>\$273,554,870.71</u>

COMBINED BALANCE SHEET

LIABILITIES, RESERVED AND FUND BALANCE	BALANCE <u>JUNE 30, 2009</u>	BALANCE <u>JUNE 30, 2008</u>
Bonds and Notes Payable	\$48,693,000.00	\$54,701,750.00
Loans Payable	5,268,944.88	6,555,575.27
Prepaid Taxes and Utility Charges	379,260.04	279,258.41
Tax Utility Charge and Other Overpayments	39,505.67	50,839.99
Appropriation Reserves	8,693,907.56	8,964,047.59
Reserve Encumbrances	2,922,578.94	7695,414.48
Amounts Pledged to Specific Purposes	64,915,040.31	59,098,848.63
Developers Deposits and Escrow Funds	1,568,138.76	1,877,909.00
Improvement Authorizations	26,920,541.00	27,805,717.10
Interfund Loans	15,505,491.12	11,006,591.90
Other Liabilities	6,850,981.72	6,395,679.90
Reserve for Certain Assets Receivable	8,588,038.24	5,930,108.59
Investment in General Fixed Assets	51,056,186.48	50,214,913.28
Fund Balance	<u>26,583,697.74</u>	<u>32,978,217.26</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$267,985,312.46</u>	 <u>\$273,554,870.71</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE – WATER UTILITY OPERATING FUND**

<u>Revenue and Other Income Realized</u>	SFY 2009		SFY 2008	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance	\$2,233,923.00	14.68	\$3,086,043.73	21.61
Collection of Water & Fire Service Rents	9,302,697.96	61.14	9,368,650.85	65.62
Miscellaneous – From Other Than Water Rents	<u>3,678,373.53</u>	<u>24.18</u>	<u>1,822,877.53</u>	<u>12.77</u>
Total Income	<u>15,214,994.49</u>	<u>100.00</u>	<u>14,277,572.11</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	10,236,955.00	85.47	10,458,141.11	85.00
Capital Improvements	100,000.00	0.83	100,000.00	0.81
Debt Service	1,431,293.78	11.95	1,580,743.82	12.85
Deferred Charges and Statutory Expenditures	208,343.00	1.74	164,730.70	1.34
Other Expenditures				
Total Expenditures	<u>11,976,591.78</u>	<u>100.00</u>	<u>12,303,615.63</u>	<u>100.00</u>
Excess in Revenue	3,238,402.71		1,973,956.48	
Fund Balance – Beginning	<u>7,112,225.43</u>		<u>8,224,312.68</u>	
	10,350,628.14		10,198,269.16	
Less:				
Utilized as Anticipated Revenue	<u>2,233,923.00</u>		<u>3,086,043.73</u>	
Fund Balance – Ending	<u>\$8,116,705.14</u>		<u>\$7,112,225.43</u>	

RECOMMENDATIONS

We recommend the following:

That accounts receivable balances for all funds be reviewed as to their current status and appropriate action taken.

That a review of accounts payable balances be made to determine the validity of the accounts payable balance.

That all bank reconciliations be performed and agreed on the general ledger.

That reconciling items be adjusted in the general ledger on a timely basis, in order to bring the general ledger in proof with bank reconciliation.

That the Township take the necessary steps to obtain reimbursements from SCIA for payments the Township made to vendors for equipment purchases.

That prior years grants receivable balances and unexpended grant reserve balances be reviewed for the proper disposition.

That all transactional activity be recorded for developers escrow and that escrow accounts for amounts deposited for less than \$5,000.00 be reconciled to subsidiary accounts.

That the employees listed on the health insurance be compared to payroll records for the same period to insure that the correct adjustments have been made to the bill for that quarter.

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The above summary or synopsis was prepared from the Report of Audit of the Township of Franklin, Somerset County, New Jersey for the State Fiscal Year ended June 30, 2009. The financial data included in the summary or synopsis is presented in the form prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. Readers are cautioned that the summary or synopsis was prepared solely for the purpose of compliance with the public disclosure provisions of N.J.S.A. 40A:5-76, and accordingly, the summary or synopsis should not be relied upon for any other purpose. The Report of Audit, submitted by Andrew G. Hodulik, Registered Municipal Accountant, is on file at the Township Clerk's Office and may be inspected by any interested persons during regular business hours, Monday through Friday, 7:30 a.m. to 4:30 p.m.

A Corrective Action Plan outlining actions to be taken by the Township of Franklin to correct the above findings will be prepared in accordance with federal and state guidelines. A copy of the plan will be on file and available for public inspection with the Township Clerk in compliance with directives from the Division of Local Government Services.

Ann Marie McCarthy, RMC, CMC
Franklin Township Clerk