FRANKLIN TOWNSHIP

COUNTY OF WARREN

REPORT OF AUDIT

2025

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

FRANKLIN TOWNSHIP

WARREN COUNTY

REPORT OF AUDIT

2025

FRANKLIN TOWNSHIP
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FRANKLIN TOWNSHIP

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2025

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Township of Franklin, in the County of Warren (the "Township") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Township as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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 and account group of the Township as of December 31, 2025 and 2024, or the changes in financial position where applicable thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions prescribed or permitted by the Division which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2026 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.

Mount Arlington, New Jersey
April 14, 2026

NISIVOCCIA LLP

Brian Ko

Brian Ko
Certified Public Accountant
Registered Municipal Accountant No. 587

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
CURRENT FUND

FRANKLIN TOWNSHIP
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	$ 2,458,421.99	$ 4,527,302.66
Petty Cash		550.00	550.00
Investments in General Capital Fund Notes		2,000,000.00	
		4,458,971.99	4,527,852.66
Due From State of New Jersey for Senior Citizen and Veterans Deductions			512.86
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	283,059.88	260,459.37
Tax Title Liens Receivable	A-8	156,743.85	150,048.75
Property Acquired for Taxes - Assessed Valuation		1,051,000.00	1,051,000.00
Due from Animal Control Trust Fund	B		13.75
Due to Other Trust Funds	B		66.83
Due from General Capital Fund	C		598.99
Total Receivables and Other Assets with Full Reserves		1,490,803.73	1,462,187.69
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)		1,600,000.00	2,000,000.00
Total Regular Fund		7,549,775.72	7,990,553.21
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-13	289,475.14	37,592.14
Due from Current Fund	A	222,790.34	233,640.70
Total Federal and State Grant Fund		512,265.48	271,232.84
TOTAL ASSETS		$ 8,062,041.20	$ 8,261,786.05

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

	Ref.	December 31, 2025	December 31, 2024
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-10	$ 102,856.82	$ 98,813.71
Encumbered	A-3;A-10	80,538.78	45,818.57
Total Appropriation Reserves		183,395.60	144,632.28
County Taxes Payable		5,392.51	1,712.25
Local District School Taxes Payable	A-11	138,129.26	77,546.78
Regional High School Taxes Payable	A-12	127,102.21	418,477.00
Tax Overpayments		4,702.06	67,249.10
Prepaid Taxes		286,151.97	318,549.22
Due to State of New Jersey:			
Senior Citizen and Veterans Deductions		439.80	
Due to Federal and State Grant Fund	A	222,790.34	233,640.70
Due to Other Trust Funds - Tax Sale Premiums	B	99,200.00	93,601.28
Due to Other Trust Funds - POAA	B	4.00	4.00
Due to Municipal Open Space Trust Fund	B	1.99	
Reserve for Groundwater Contamination		8,970.68	8,970.68
Reserve for Emergency Storm Repairs		1,700,897.10	1,705,562.10
Reserve for FEMA Reimbursements		683,703.36	76,388.50
		3,460,880.88	3,146,333.89
Special Emergency Notes Payable	A-16	1,500,000.00	2,000,000.00
Reserve for Receivables and Other Assets	A	1,490,803.73	1,462,187.69
Fund Balance	A-1	1,098,091.11	1,382,031.63
Total Regular Fund		7,549,775.72	7,990,553.21
Federal and State Grant Fund:			
Appropriated Reserves	A-14	503,831.67	253,324.99
Unappropriated Reserves	A-15	1,433.81	44.40
Reserve for Encumbrances	A-14	7,000.00	17,863.45
Total Federal and State Grant Fund		512,265.48	271,232.84
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 8,062,041.20	$ 8,261,786.05

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue and Other Income Realized			
Fund Balance Utilized		$ 941,660.00	$ 801,448.00
Miscellaneous Revenue Anticipated		1,182,415.10	664,066.12
Receipts from Delinquent Taxes		260,391.09	509,925.68
Receipts from Current Taxes		12,640,706.44	13,185,613.21
Nonbudget Revenue		70,880.02	236,579.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		113,148.10	79,171.84
Cancellation of Prior Year Interfunds Due Other Trust Funds - Tax Sale Premiums		3,301.28	
Interfunds Returned		679.57	2,667.95
Cancellation of Tax Overpayments		55,512.07	1,228.45
Total Income		15,268,693.67	15,480,700.85
Expenditures			
Budget Appropriations:			
Municipal Purposes		3,249,306.98	2,318,275.16
County Taxes		3,100,906.71	3,236,481.47
Due County For Added/Omitted Taxes		5,392.51	1,712.25
Local District School Tax		4,213,000.00	4,091,835.00
Regional High School Tax		4,137,552.00	4,691,187.00
Municipal Open Space Tax		1.99	
Decrease in Deferred Regional High School Tax		4,814.00	
Interfunds Advanced			679.57
Refund of Prior Year Revenue			61,238.57
Total Expenditures		14,710,974.19	14,401,409.02
Excess/(Deficit) in Revenue		557,719.48	1,079,291.83
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year - Special Emergency Authorization		100,000.00	
Statutory Excess to Fund Balance		657,719.48	1,079,291.83
Fund Balance			
Balance January 1		1,382,031.63	1,104,187.80
		2,039,751.11	2,183,479.63
Decreased by:			
Utilization as Anticipated Revenue		941,660.00	801,448.00
Balance December 31	A	$ 1,098,091.11	$ 1,382,031.63

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Anticipated Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *	
Fund Balance Anticipated	$ 941,660.00		$ 941,660.00		
Miscellaneous Revenue:					
Licenses:					
Alcoholic Beverage	2,300.00		2,326.20	$ 26.20	
Other	3,000.00		5,749.00	2,749.00	
Interest and Costs on Taxes	65,000.00		58,909.69	6,090.31	*
Interest on Investments & Deposits	75,000.00		94,196.31	19,196.31	
Energy Receipts Taxes	258,639.00		258,639.04	0.04	
Garden State Preservation Trust Fund	6,279.00		6,279.00		
Clean Communities Program Grant		$ 16,548.46	16,548.46		
Recycling Tonnage Grant	44.40		44.40		
Emergency Management Grant	10,000.00		10,000.00		
DOT Grant Millbrook 4	115,101.00		115,101.00		
DOT Grant Good Springs & Willow Grove	136,782.00		136,782.00		
Open Space Trust Fund - Maintenance of Open Space Property	30,000.00		30,000.00		
Vacant Properties Registration Fees	5,000.00		14,500.00	9,500.00	
Reserve to Pay Debt Service	350,000.00		350,000.00		
Reserve for FEMA Reimbursements	83,340.00		83,340.00		
Total Miscellaneous Revenue	1,140,485.40	16,548.46	1,182,415.10	37,561.86	

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Anticipated Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Receipts from Delinquent Taxes	$ 260,000.00		$ 260,391.09	$ 391.09
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	1,478,543.16		1,871,280.39	392,737.23
Total Amount to be Raised by Taxes for Support of Municipal Budget	1,478,543.16		1,871,280.39	392,737.23
Budget Totals	3,820,688.56	$ 16,548.46	4,255,746.58	430,690.18
Nonbudget Revenue			70,880.02	70,880.02
Totals	$ 3,820,688.56	$ 16,548.46	$ 4,326,626.60	$ 489,389.58

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collections		$ 12,640,706.44
Allocated to School, County and Open Space Taxes		11,456,853.21
Balance for/(from) Support of Municipal Budget Appropriations		1,183,853.23
Add: Appropriation "Reserve for Uncollected Taxes"		687,427.16
Realized for Support of Municipal Budget Appropriations		$ 1,871,280.39
Interest on Investments & Deposits:		
Collections in Current Fund		$ 85,811.89
Due from Animal Control Trust Fund		179.10
Due from Other Trust Funds		610.93
Due from General Capital Fund		7,594.39
		$ 94,196.31
Analysis of Nonbudget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Cable TV Franchise Fee	$ 10,128.91	
White's Road License Fee	50,000.00	
Senior Citizens and Veterans Deductions Administrative Fee	324.05	
OPRA Requests	160.00	
Solar Renewable Energy Credit	9,880.00	
Escrow Forfeitures	130.99	
Other Miscellaneous	256.07	
Total Miscellaneous Revenue Not Anticipated		$ 70,880.02

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Department of Administration:					
Other Expenses	$ 70,000.00	$ 95,000.00	$ 92,463.84	$ 2,536.16	
Division of Human Resources:					
Other Expenses	1,000.00	296.00		296.00	
Office of the Mayor:					
Salaries and Wages	16,540.00	16,540.00	16,538.00	2.00	
Other Expenses	1,500.00	3,500.00	3,192.74	307.26	
Municipal Committee and Township Clerk's Office:					
Salaries and Wages	120,000.00	105,000.00	90,193.60	14,806.40	
Financial Administration:					
Salaries and Wages	36,000.00	36,000.00	35,721.00	279.00	
Other Expenses	9,000.00	9,000.00	5,916.29	3,083.71	
Audit Services:					
Other Expenses	30,000.00	29,000.00	28,100.00	900.00	
Collection of Taxes:					
Salaries and Wages	42,000.00	35,500.00	34,335.42	1,164.58	
Other Expenses	10,000.00	10,000.00	9,962.23	37.77	
Assessment of Taxes:					
Salaries and Wages	29,000.00	29,000.00	28,879.00	121.00	
Other Expenses (N.J.S.A. 40A:4-53, +$100,000.00)	10,000.00	110,000.00	109,215.98	784.02	
Legal Services and Costs:					
Other Expenses	50,000.00	50,000.00	40,656.42	9,343.58	
Engineering Services and Costs:					
Other Expenses	38,000.00	38,000.00	30,284.47	7,715.53	
Historical Sites Office:					
Other Expenses	1.00	1.00		1.00	

FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Operations Within "CAPS":	Appropriations Budget	Appropriations Budget After Modification	Expended By Paid or Charged	Expended By Reserved	Unexpended Balance Cancelled
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	$ 22,450.00	$ 22,477.00	$ 22,477.00		
Other Expenses	30,000.00	24,973.00	7,906.70	$ 17,066.30	
Zoning Board of Adjustment:					
Salaries and Wages	25,625.00	25,829.00	25,829.00		
Other Expenses	900.00	900.00	511.78	388.22	
PUBLIC SAFETY:					
Municipal Court:					
Other Expenses	39,000.00	39,000.00	39,000.00		
Office of Emergency Management:					
Salaries and Wages	7,700.00	7,700.00	7,622.00	78.00	
Other Expenses	1,000.00	1,000.00	783.85	216.15	
Aid to Volunteer Fire Companies	120,000.00	120,000.00	120,000.00		
Fire Department:					
Other Expenses - Hydrant Services	43,000.00	43,000.00	42,779.87	220.13	
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	220,000.00	220,000.00	215,076.86	4,923.14	
Other Expenses	200,000.00	215,000.00	211,444.27	3,555.73	
Solid Waste Collections:					
Salaries and Wages	6,325.00	6,325.00	6,304.00	21.00	
Other Expenses	5,000.00	5,000.00	2,894.42	2,105.58	
Building and Grounds:					
Other Expenses	55,000.00	45,000.00	33,713.07	11,286.93	
HEALTH AND HUMAN SERVICES:					
Animal Control Services:					
Other Expenses	11,500.00	11,500.00	11,500.00		
PARKS AND RECREATION FUNCTIONS:					
Recreation Services:					
Other Expenses	1.00	1.00		1.00	

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FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
Operations Within "CAPS":	Budget	Budget After Modification	Paid or Charged	Reserved	
UTILITY EXPENSE AND BULK PURCHASES:					
Electricity	$ 8,500.00	$ 8,500.00	$ 8,500.00		
Street Lighting	9,500.00	9,500.00	9,500.00		
Gasoline	30,000.00	30,000.00	18,583.36	$ 11,416.64	
INSURANCE:					
General Liability	110,000.00	110,000.00	108,825.80	1,174.20	
Employee Group Health	45,000.00	41,000.00	36,653.28	4,346.72	
Total Operations Within "CAPS"	1,453,542.00	1,553,542.00	1,455,364.25	98,177.75	
Detail:					
Salaries and Wages	525,640.00	504,371.00	482,975.88	21,395.12	
Other Expenses	927,902.00	1,049,171.00	972,388.37	76,782.63	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Contributions to:					
Public Employees' Retirement System	29,463.00	29,463.00	29,463.00		
Public Employees' DCRP System	1,000.00	1,000.00	759.87	240.13	
Unemployment Compensation Insurance	3,000.00	3,000.00	2,530.49	469.51	
Social Security System (O.A.S.I.)	41,000.00	41,000.00	37,030.57	3,969.43	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	74,463.00	74,463.00	69,783.93	4,679.07	
Total General Appropriations for Municipal Purposes Within "CAPS"	1,528,005.00	1,628,005.00	1,525,148.18	102,856.82	
Operations Excluded from "CAPS":					
Public & Private Programs Offset by Revenue:					
Clean Communities Program (N.J.S.A. 40A:4-87 +$16,548.46)		16,548.46	16,548.46		
Recycling Tonnage Grant	44.40	44.40	44.40		
Emergency Management Grant	10,000.00	10,000.00	10,000.00		
NJ DOT Millbrook 4	115,101.00	115,101.00	115,101.00		
NJ DOT Good Springs & Willow Grove	136,782.00	136,782.00	136,782.00		
Total Operations - Excluded from "CAPS"	261,927.40	278,475.86	278,475.86		

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FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Ref.	Appropriations Budget	Appropriations Budget After Modification	Expended By Paid or Charged	Expended By Reserved	Unexpended Balance Cancelled
Detail:						
Other Expenses		$ 261,927.40	$ 278,475.86	$ 278,475.86		
Capital Improvements - Excluded from "CAPS":						
Capital Improvement Fund		100,000.00	100,000.00	100,000.00		
Reserve for Road Improvements		50,000.00	50,000.00	50,000.00		
Total Capital Improvements - Excluded from "CAPS"		150,000.00	150,000.00	150,000.00		
Municipal Debt Service - Excluded from "CAPS":						
Payment of Bond Anticipation Notes		216,027.00	216,027.00	216,027.00		
Interest on Notes		107,302.00	107,302.00	106,799.12		$ 502.88
Total Municipal Debt Service - Excluded from "CAPS"		323,329.00	323,329.00	322,826.12		502.88
Deferred Charges - Excluded from "CAPS":						
Ordinance Mountain View Road		20,000.00	20,000.00	20,000.00		
Special Emergency Authorizations		500,000.00	500,000.00	500,000.00		
Ordinance Water Line Improvement		350,000.00	350,000.00	350,000.00		
Total Deferred Charges - Excluded from "CAPS"		870,000.00	870,000.00	870,000.00		
Total General Appropriations - Excluded from "CAPS"		1,605,256.40	1,621,804.86	1,621,301.98		502.88
Subtotal General Appropriations		3,133,261.40	3,249,809.86	3,146,450.16	$ 102,856.82	502.88
Reserve for Uncollected Taxes		687,427.16	687,427.16	687,427.16		
Total General Appropriations		$ 3,820,688.56	$ 3,937,237.02	$ 3,833,877.32	$ 102,856.82	$ 502.88
	Ref.				A	

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FRANKLIN TOWNSHIP
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Ref.	Analysis of Budget After Modification	Analysis of Paid or Charged
Adopted Budget		$ 3,820,688.56	
N.J.S.A. 40A:4-53 Special Emergency Authorization		100,000.00	
Added by N.J.S.A. 40A:4-87		16,548.46	
		$ 3,937,237.02	
Cash Disbursed			$ 2,508,469.87
Encumbrances	A		80,538.78
Deferred Charges:			
Due to General Capital Fund - Ordinance Water Line Improvement			350,000.00
Transfer to Appropriated Grant Reserves:			
Federal and State Grants			278,475.86
Reserve for Uncollected Taxes			687,427.16
			3,904,911.67
Less:			
Appropriation Refunds			71,034.35
			$ 3,833,877.32

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
TRUST FUNDS

FRANKLIN TOWNSHIP
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31 2025	December 31 2024
ASSETS			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-1	$ 6,036.99	$ 5,601.56
		6,036.99	5,601.56
Other Trust Funds:			
Cash and Cash Equivalents	B-1	381,142.17	384,365.47
Due From Current Fund - Tax Sale Premiums	A	99,200.00	93,601.28
Due From Current Fund - Open Space Trust Fund	A	1.99	
Due From Current Fund - POAA	A	4.00	4.00
		480,348.16	477,970.75
TOTAL ASSETS		$ 486,385.15	$ 483,572.31
LIABILITIES, RESERVES AND FUND BALANCE			
Animal Control Fund:			
Due to Current Fund	A		$ 13.75
Reserve for Animal Control Expenditures	B-2	$ 6,023.79	5,587.81
Due To State of New Jersey		13.20	
		6,036.99	5,601.56
Other Trust Funds:			
Due Current Fund	A		66.83
Reserve for:			
Planning Board Escrow		109,038.85	55,855.29
Open Space		257,927.61	300,058.95
Recreation		14,177.70	28,384.40
Parking Offenses Adjudication Act (POAA)		4.00	4.00
Tax Sale Premiums		99,200.00	93,601.28
		480,348.16	477,970.75
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 486,385.15	$ 483,572.31

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
GENERAL CAPITAL FUND

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31, 2025	December 31, 2024
ASSETS			
Cash and Cash Equivalents	C-2	$ 44,783.00	$ 255,985.37
Grants Receivable:			
New Jersey Department of Transportation		289,698.50	37,815.50
Deferred Charges to Future Taxation:			
Unfunded	C-4	3,803,656.64	4,389,683.64
TOTAL ASSETS		$ 4,138,138.14	$ 4,683,484.51
LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-7	$ 2,550,000.00	$ 766,027.00
Improvement Authorizations:			
Funded	C-5	476,796.91	165,528.75
Unfunded	C-5	675,391.34	3,326,108.03
Due to Current Fund	A		598.99
Capital Improvement Fund	C-6	49,467.10	32,584.10
Reserve:			
To Pay Debt Service		345,946.34	352,101.19
For Recreation Equipment		30,000.00	30,000.00
Fund Balance	C-1	10,536.45	10,536.45
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		$ 4,138,138.14	$ 4,683,484.51

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	Ref.		
Balance December 31, 2024	C	$	10,536.45
Balance December 31, 2025	C	$	10,536.45

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
GENERAL FIXED ASSETS ACCOUNT GROUP

FRANKLIN TOWNSHIP
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31, 2025	December 31, (Restated) 2024
ASSETS		
Land	$ 2,714,700.00	$ 2,714,700.00
Buildings and Improvements	3,526,700.00	3,526,700.00
Equipment	3,458,369.00	3,459,264.00
TOTAL ASSETS	$ 9,699,769.00	$ 9,700,664.00
RESERVES		
Reserve for Fixed Assets	$ 9,699,769.00	$ 9,700,664.00
TOTAL RESERVES	$ 9,699,769.00	$ 9,700,664.00

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of Franklin Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by Franklin Township, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of Franklin Township do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of Franklin Township conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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, Franklin 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.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Other Significant Accounting Policies".

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Township's budget. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.

2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.

3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, lease assets and payable as well as the related expense would be recorded for leases for which the Township is a lessee, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Township is a lessor, a financed purchases payable would be recorded for financed purchases agreements under which the Township acquires and owns a fixed asset and the Township's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds or by issuing loans or financed purchases agreements.

E. Other significant accounting policies include:

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

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

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Fixed Assets - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the General Fixed Asset Account Group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for the Current operating Fund. The budget is submitted to the governing body and the Division of Local Government Services. The budget is prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

	December 31,		
	2025	2024	2023
Issued			
General:			
Bonds and Notes	$ 2,550,000.00	$ 766,027.00	$ 831,933.00
Total Issued	2,550,000.00	766,027.00	831,933.00
Authorized but not Issued:			
Bonds and Notes	1,253,656.64	3,623,656.64	3,148,656.64
Total Authorized but not Issued	1,253,656.64	3,623,656.64	3,148,656.64
Less:			
Reserve to Pay Debt Service	345,946.34	352,101.19	249,030.66
Net Bonds and Notes Issued and Authorized but not Issued	$ 3,457,710.30	$ 4,037,582.45	$ 3,731,558.98

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the revised Annual Debt Statement and indicates a statutory net debt of 0.610%.

	Gross Debt	Deductions	Net Debt
General Debt	$ 3,803,656.64	$ 345,946.34	$ 3,457,710.30
Local School District Debt	564,556.94	564,556.94	
General Debt	$ 4,368,213.58	$ 910,503.28	$ 3,457,710.30

Net Debt $3,457,710.30 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 $566,566,187.67 = 0.610%.

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

3.5% Average Equalized Valuation of Real Property	$ 19,829,816.57
Net Debt	3,457,710.30
Remaining Borrowing Power	$ 16,372,106.27

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025
Bond Anticipation Notes:				
General Capital Fund	$ 766,027.00	$ 2,550,000.00	$ 766,027.00	$ 2,550,000.00
Total	$ 766,027.00	$ 2,550,000.00	$ 766,027.00	$ 2,550,000.00

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Bond Anticipation Notes:				
General Capital Fund	$ 831,933.00	$ 766,027.00	$ 831,933.00	$ 766,027.00
Total	$ 831,933.00	$ 766,027.00	$ 831,933.00	$ 766,027.00

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Township's debt issued and outstanding on December 31, 2025, is described as follows:

Schedule of General Capital Bond Anticipation Notes

Purpose	Final Maturity	Rate	Balance Dec. 31, 2025
Fire Truck, Ambulance, Tractor	1/27/2026	4.00%	$ 170,000.00
Improvements to Shurts Road	1/27/2026	4.00%	380,000.00
Water Line Improvements	1/27/2026	2.00%	2,000,000.00
			$ 2,550,000.00

Current Fund Special Emergency Notes

Purpose	Maturity Date	Rate	Balance Dec. 31, 2025
Special Emergency Note Payable	3/19/2026	4.25%	$ 1,500,000.00
		Total Debt Issued and Outstanding	$ 4,050,000.00

Note 3: Fund Balances Appropriated

As of the date of this report the budget for 2026 has not been introduced. Thus the amount of fund balance at December 31, 2025, which will be included in the Current Fund budget for the fiscal year ending December 31, 2026 is not known at this time.

Note 4: Local and Regional High School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. Local and Regional High School District Taxes have been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the current fund liabilities as follows:

	Local School District Tax	
	Balance 12/31/2025	Balance 12/31/2024
Taxes Payable	$ 138,129.26	$ 77,546.78
Deferred	1,968,374.00	1,968,374.00
Total	$ 2,106,503.26	$ 2,045,920.78

	Regional High School District Tax	
	Balance 12/31/2025	Balance 12/31/2024
Taxes Payable	$ 127,102.21	$ 418,477.00
Deferred	2,068,776.00	2,073,590.00
Total	$ 2,195,878.21	$ 2,492,067.00

Note 5: Pension Plans

Township employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarially determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

Township contributions to PERS amounted to $29,463 for 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed $0 to the PERS for normal pension benefits on behalf of the Township.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.SA. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2024, the Township's liability was $0 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Township's proportion was 0.0000%, which was a decrease of 0.0039% from its proportion measured as of June 30, 2023. The Township has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2024 information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Township as of June 30, 2024.

For the year ended December 31, 2025, the Township recognized actual pension expense in the amount of $29,463.

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Township did not have any proportionate share of the collective net pension liability as of June 30, 2024.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Accrued Sick and Vacation Benefits

The Franklin Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid at retirement at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate $65,424 at December 31, 2025. This amount is not reported either as an expenditure or a liability in this report.

Balance at December 31, 2024	$ 23,285.73
Net Change	42,138.50
Balance at December 31, 2025	$ 65,424.23
Amount Due Within One Year	$ -0-

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000.00 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2025	2024	2023
Tax Rate	$ 3.129	$ 3.245	$ 3.174
Apportionment of Tax Rate			
Municipal	$ 0.357	$ 0.348	$ 0.331
Regional High School District	1.001	1.130	1.106
County	0.752	0.781	0.756
Local School District	1.019	0.986	0.981
Assessed Valuations			
2025	$ 413,267,884.00		
2024		$ 415,043,639.00	
2023			$ 413,228,072.00

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.

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collection
2025	$ 12,953,614.30	$ 12,640,706.44	97.58%
2024	13,475,302.28	13,185,613.21	97.85%
2023	13,122,671.49	11,561,587.50	88.10%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

GASB requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The Township's Policy with respect to custodial credit risk requires that the Township ensures that Township funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

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 insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and

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

All collateral must be deposited with the Federal Reserve Bank, 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.

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4***);*** or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

As of December 31, 2025, cash and cash equivalents of the Franklin Township consisted of the following:

Fund	Checking Accounts	Investments	Cash On Hand	Total
Current	$ 2,458,421.99	$ 2,000,000.00	$ 550.00	$ 4,458,971.99
Animal Control	6,036.99			6,036.99
Other Trust	381,142.17			381,142.17
General Capital	44,783.00			44,783.00
	$ 2,890,384.15	$ 2,000,000.00	$ 550.00	$ 4,890,934.15

The carrying amount of the Township's cash and cash equivalents and investments at December 31, 2025, was $4,890,934.15 and the bank balance was $2,889,510.86. There was an investment of $2,000,000.00 from the Current Fund to the General Capital Fund issued by the Township's Current Fund in a Bond Anticipation Notes Payable at 2.00% interest, due on January 27, 2026.

Note 9: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the State of New Jersey Health Benefits plan.

Property and Liability Insurance

The Franklin Township is a member of the Public Alliance Insurance Coverage Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing insurance for general liability, property and workers' compensation.

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment related to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Risk Management (Cont'd)

Property and Liability Insurance (Cont'd)

Summarized financial information for the Fund as of December 31, 2025 is not available as of the date of this report. Summarized financial information for the Fund as of December 31, 2024 is as follows:

	Public Alliance Insurance Coverage Fund
Total Assets	$ 21,933,248.00
Net Position	$ 13,524,365.00
Total Revenue	$ 7,604,436.00
Total Expenses	$ 6,192,342.00
Change in Net Position	$ 1,412,094.00
Member Dividends	$ -0-

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Fund Administrator
51 Everett Drive, Suite B40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2025:

Fund	Interfund Receivable	Interfund Payable
Current Fund		$ 321,996.33
Federal and State Grant Fund	$ 222,790.34	
Other Trust Funds	99,205.99	
	$ 321,996.33	$ 321,996.33

The interfund receivable in the Federal and State Grant Fund is for grant receipts deposited in the Current Fund, offset by appropriated reserves disbursed from the Current Fund. The interfund receivable in the Other Trust Funds is mainly for activities in the Current Fund including tax sale premiums, and POAA.

Note 11: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 12: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 13: Open Space Tax

The Township created an Open Space Trust Fund which allows the Township to collect a tax of up to $.02 per $100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. The Open Space tax levy for 2025 was $1.99. As of December 31, 2025, the balance in the Open Space Trust Fund was $257,927.61.

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 14: Deferred Charges

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2025	To be Raised in 2026 Budget	Balance to Succeeding Year's Budgets
Current Fund:			
Special Emergency Authorization	$ 1,500,000.00	$ 1,500,000.00	$ -0-
Tax Maps	$ 100,000.00	$ 20,000.00	$ 80,000.00

The amount in the 2026 budget will not be less than that required by statute.

Note 15: Fixed Assets

The following is a schedule of the Township's fixed assets for the years ended December 31, 2025 and 2024:

	(Restated) Balance Dec. 31, 2024	Additions	Deletions	Balance Dec. 31, 2025
Land	$ 2,714,700.00			$ 2,714,700.00
Buildings	3,526,700.00			3,526,700.00
Machinery and Equipment	3,459,264.00	$ 15,100.00	$ 15,995.00	3,458,369.00
	$ 9,700,664.00	$ 15,100.00	$ 15,995.00	$ 9,699,769.00

	Balance Dec. 31, 2023	Additions	Deletions/ Adjustments	(Restated) Balance Dec. 31, 2024
Land	$ 3,246,819.00		$ (532,119.00)	$ 2,714,700.00
Buildings	1,054,557.00		2,472,143.00	3,526,700.00
Machinery and Equipment	3,731,304.00	$ 4,995.00	(277,035.00)	3,459,264.00
	$ 8,032,680.00	$ 4,995.00	$ 1,662,989.00	$ 9,700,664.00

FRANKLIN TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Prior Period Adjustment

The Township made a prior year adjustment to reflect a reappraisal of fixed assets by an appraisal company as follows:

	12/31/2024 Balance as Previously Reported	Error Correction	12/31/2024 Balance as Restated
Assets:			
Land	$ 3,246,819.00	$ (532,119.00)	$ 2,714,700.00
Buildings	$ 1,054,557.00	$ 2,472,143.00	$ 3,526,700.00
Machinery and Equipment	$ 3,736,299.00	$ (277,035.00)	$ 3,459,264.00
Total Assets	$ 8,037,675.00	$ 1,662,989.00	$ 9,700,664.00
Reserves:			
Reserve for Fixed Assets	$ 8,037,675.00	$ 1,662,989.00	$ 9,700,664.00
Total Reserves	$ 8,037,675.00	$ 1,662,989.00	$ 9,700,664.00

FRANKLIN TOWNSHIP

SUPPLEMENTARY DATA

FRANKLIN TOWNSHIP
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2025

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Sarah Payne	Mayor		
Bonnie Butler	Deputy Mayor		
Rich Herzer	Committeeperson		
David Guth	Committeeperson		
Michael Toretta	Committeeperson		
Margaret Pasqua	Chief Financial Officer	*	
Denise L. Becton	Township Clerk/Dog Licensing Official/Open Space/Ag. Advisory Secretary	*	
Sandy Callery	Tax Collector; Tax Search Officer	$ 1,000,000.00	PAIF/MELJIF
Kevin Benbrook	Township Attorney		
Nicole Lenar	Magistrate	$ 1,000,000.00	PAIF/MELJIF
Tara Caffarelli	Court Administrator	$ 1,000,000.00	PAIF/MELJIF
Kelley D. Smith	Land Use Board Secretary	*	
Craig Brotons	Township Assessor	*	
James Onembo	Zoning Officer	*	
Robert Lagonera	Animal Control Officer	*	

All bonds were examined and were properly executed.

* All employees, who are not specifically bonded, are covered under $50,000 and $950,000 Faithful Performance Bonds provided by the Public Alliance Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

Schedule 1

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
CURRENT FUND

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2024	A		$ 4,527,302.66
Increased by Receipts:			
Tax Collector		$ 13,005,861.21	
Miscellaneous Revenue Not Anticipated		70,880.02	
Revenue Accounts Receivable		403,305.13	
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		16,202.66	
Marriage License Fees		325.00	
Due Other Trust Funds:			
Interfund Returned		677.76	
Animal Control Trust Fund:			
Interfund Returned		192.85	
Due General Capital Fund:			
Interfund Returned		8,193.38	
Reserve for FEMA Reimbursements		690,654.86	
Due Federal and State Grant Fund:			
Unappropriated Grant Reserves		27,982.27	
Appropriation Refunds		71,034.35	
			14,295,309.49
			18,822,612.15
Decreased by Disbursements:			
2025 Appropriations		2,508,469.87	
2024 Appropriation Reserves		31,484.18	
Refund of Tax Overpayments		40,436.21	
County Taxes		3,102,618.96	
Local School District Taxes		4,152,417.52	
Regional High School Taxes		4,433,740.79	
Due State of NJ - Marriage License Fees		325.00	
Due Federal and State Grant Fund:			
Appropriated Grant Fund Expenditures		5,969.18	
Prior Year Encumbrances Liquidated		17,863.45	
Transfer to General Capital Fund		15,000.00	
Due Other Trust Funds:			
Refund of Tax Sale Premiums		51,200.00	
Due General Capital Fund:			
Investment in General Capital Fund Notes		2,000,000.00	
Reserve for Millbrook Road Repairs		4,665.00	
			16,364,190.16
Balance December 31, 2025	A		$ 2,458,421.99

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

Increased by Receipts:		
Interest and Costs on Taxes	$	58,909.69
Taxes Receivable		12,561,456.03
2026 Prepaid Taxes		286,151.97
Tax Overpayments		39,243.52
Tax Sale Premiums - Due to Other Trust Funds		60,100.00
		13,005,861.21
Decreased by:		
Amount Turned Over to Treasurer	$	13,005,861.21

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

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

Year	Balance Dec. 31, 2024	2025 Levy	Collections 2024	Collections 2025	Tax Over-payments Applied	Senior Citizen & Veteran Deductions	Taxes Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2025
2023	$ 114.84			$ 114.84					
2024	260,344.53			261,276.25		$ (1,000.00)			$ 68.28
	260,459.37			261,391.09		(1,000.00)			68.28
2025		$ 12,953,614.30	$ 318,549.22	12,300,064.94	$ 5,842.28	16,250.00	$ 23,221.16	$ 6,695.10	282,991.60
Total	$ 260,459.37	$ 12,953,614.30	$ 318,549.22	$ 12,561,456.03	$ 5,842.28	$ 15,250.00	$ 23,221.16	$ 6,695.10	$ 283,059.88
Ref.	A								A

Analysis of 2025 Property Tax Levy

Tax Yield:		
General Purpose Tax		$ 12,931,153.06
Added, Omitted and Rollback Taxes		22,461.24
		$ 12,953,614.30
Tax Levy:		
Local School District Taxes		$ 4,213,000.00
Regional High School District Taxes		4,137,552.00
County Taxes	$ 2,777,649.77	
County Library Taxes	212,583.89	
County Open Space Taxes	110,673.05	
County Added & Omitted Taxes	5,392.51	
		3,106,299.22
Local Taxes for Open Space - Due Other Trust Funds		1.99
		11,456,853.21
Local Tax for Municipal Purposes	1,478,543.16	
Add: Additional Tax Levied	18,217.93	
		1,496,761.09
		$ 12,953,614.30

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	Ref.		
Balance December 31, 2024	A		$ 150,048.75
Increased by:			
Transfer from 2024 Taxes Receivable		$ 6,695.10	
			6,695.10
			156,743.85
Balance December 31, 2025	A		$ 156,743.85

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Accrued In 2025	Collected by Collector	Collected by Treasurer
Clerk:			
Licenses:			
Alcoholic Beverage	$ 2,326.20		$ 2,326.20
Other	5,749.00		5,749.00
Interest and Costs on Taxes	58,909.69	$ 58,909.69	
Interest on Investments and Deposits	85,811.89		85,811.89
Energy Receipts Taxes	258,639.04		258,639.04
Vacant Property Registration Fees	14,500.00		14,500.00
Garden State Preservation Trust Fund	6,279.00		6,279.00
Open Space Trust Fund - Maintenance of Open Space	30,000.00		30,000.00
	$ 432,214.82	$ 58,909.69	$ 403,305.13

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
Department of Administration:				
Other Expenses	$ 11,462.24	$ 11,462.24	$ 11,374.16	$ 88.08
Office of the Mayor:				
Salaries and Wages	484.00	484.00		484.00
Clerk's Office:				
Salaries and Wages	1,705.80	1,705.80	130.00	1,575.80
Financial Administration:				
Salaries and Wages	90.00	90.00		90.00
Other Expenses	2,720.89	2,720.89	292.18	2,428.71
Audit Services:				
Other Expenses	3,500.00	3,500.00		3,500.00
Collection of Taxes:				
Salaries and Wages	2,244.93	2,244.93	930.00	1,314.93
Other Expenses	1.00	301.00	255.00	46.00
Assessment of Taxes:				
Salaries and Wages	12.00	12.00		12.00
Other Expenses	3,740.92	3,740.92	25.00	3,715.92
Legal Services and Costs:				
Miscellaneous Other Expenses	1,560.31	1,560.31		1,560.31
Engineering Services and Costs:				
Other Expenses	10,985.02	10,985.02	407.50	10,577.52
Historical Sites Office:				
Other Expenses	539.61	539.61		539.61
LAND USE ADMINISTRATION:				
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Salaries and Wages	178.00	178.00		178.00
Other Expenses	21,612.36	21,612.36	14.84	21,597.52
Zoning Board of Adjustment:				
Salaries and Wages	23.00	23.00		23.00
Other Expenses	171.53	171.53		171.53
PUBLIC SAFETY:				
Office of Emergency Management:				
Salaries and Wages	5.46	5.46		5.46
Other Expenses	250.46	250.46		250.46
Aid to Volunteer Fire Companies:				
First Aid Organizations - Ambulance Lease	794.40	794.40	794.40	
Fire Department:				
Other Expense - Hydrant Services	267.60	267.60		267.60

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS:				
Streets and Roads Maintenance:				
Salaries and Wages	$ 4,046.61	$ 4,846.61	$ 4,748.96	$ 97.65
Other Expenses	58,168.60	57,068.60	3,424.64	53,643.96
Building and Grounds:				
Other Expenses	8,940.21	8,940.21	8,082.62	857.59
Solid Waste Collections:				
Salaries and Wages	80.00	80.00		80.00
Other Expenses	733.04	733.04		733.04
PARKS AND RECREATION FUNCTIONS:				
Recreation Services:				
Other Expenses	1.00	1.00		1.00
UTILITY EXPENSE AND BULK PURCHASES:				
Electricity	298.59	298.59	298.59	
Street Lighting	0.08	0.08		0.08
Gasoline	6,441.01	6,441.01	261.90	6,179.11
INSURANCE:				
General Liability	97.20	97.20		97.20
Employee Group Health	2,616.94	2,616.94		2,616.94
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' DCRP System	1.00	1.00		1.00
Social Security System (O.A.S.I.)	812.56	812.56	444.39	368.17
Unemployment Compensation Insurance	45.91	45.91		45.91
	$ 144,632.28	$ 144,632.28	$ 31,484.18	$ 113,148.10

Analysis of Balance December 31, 2024	Ref.	
Unencumbered	A	$ 98,813.71
Encumbered	A	45,818.57
		$ 144,632.28

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	Ref.		
Balance December 31, 2024:			
Local School District Tax Payable	A	$	77,546.78
Local School District Tax Deferred			1,968,374.00
			2,045,920.78
Increased by:			
Levy - School Year July 1, 2025 through June 2026			4,213,000.00
			6,258,920.78
Decreased by:			
Payments to School District			4,152,417.52
Balance December 31, 2025		$	2,106,503.26
Analysis of Balance December 31, 2025			
Local School District Tax Payable	A	$	138,129.26
Local School District Tax Deferred			1,968,374.00
		$	2,106,503.26

Analysis of Decrease - Deferred Local School Tax:

Balance December 31, 2024	$	1,968,374.00
Balance December 31, 2025		1,968,374.00
Net Increase/(Decrease) Credited to Operations	$	-0-

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE

	Ref.		
Balance December 31, 2024:			
Regional School District Tax Payable	A	$	418,477.00
Regional School District Tax Deferred			2,073,590.00
			2,492,067.00
Increased by:			
Levy - School Year July 1, 2025 through June 2026			4,137,552.00
			6,629,619.00
Decreased by:			
Payments to Regional High School District			4,433,740.79
Balance December 31, 2025		$	2,195,878.21
Analysis of Balance December 31, 2025			
Regional School District Tax Payable	A	$	127,102.21
Regional School District Tax Deferred			2,068,776.00
		$	2,195,878.21

Analysis of Decrease - Deferred Regional High School Tax:

Balance December 31, 2024	$	2,073,590.00
Balance December 31, 2025		2,068,776.00
Net Increase/(Decrease) Credited to Operations	$	(4,814.00)

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF GRANT RECEIVABLES

	Balance Dec. 31, 2024	2025 Budget Revenue Realized	Transfer from Unappropriated Reserves	Balance Dec. 31, 2025
Clean Communities Grant		$ 16,548.46	$ 16,548.46	
Recycling Tonnage Grant		44.40	44.40	
NJ Department of Transportation -				
Millbrook Road Section 1	$ 37,592.14			$ 37,592.14
Millbrook Road Section 2		115,101.00		115,101.00
Good Springs & Willow Grove		136,782.00		136,782.00
Emergency Management - Volunteer Fire Grant		10,000.00	10,000.00	
	$ 37,592.14	$ 278,475.86	$ 26,592.86	$ 289,475.14
Ref.	A			A

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2024	Transferred from 2025 Budget	Expended	Encumbered	Balance Dec. 31, 2025
Clean Communities Grant	$ 58,913.91	$ 16,548.46	$ 17,188.78		$ 58,273.59
Recycling Tonnage Grant	627.57	44.40	671.97		
NJ Depart. of Transportation - Maple Avenue	38,095.00				38,095.00
NJ Depart. of Transportation - Millbrook Road Section 1	53,162.35				53,162.35
NJ Depart. of Transportation - Millbrook Road Section 2		115,101.00			115,101.00
NJ Depart. of Transportation - Good Springs & Willow Grove		136,782.00			136,782.00
Municipal Alliance - Local Share	7,013.00				7,013.00
Emergency Management - Volunteer Firefighter Grant	7,861.34	10,000.00	3,108.43	$ 7,000.00	7,752.91
Stormwater Management	75,000.00				75,000.00
F.E.M.A. - Public Assistance Grant	151.82				151.82
Highlands Grant	6,250.00				6,250.00
Highlands Protection Fund Grant	6,250.00				6,250.00
	$ 253,324.99	$ 278,475.86	$ 20,969.18	$ 7,000.00	$ 503,831.67
Ref.	A			A	A

Grant Expenditures	$ 5,969.18
Due to General Capital Fund	15,000.00
	$ 20,969.18

FRANKLIN TOWNSHIP
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2024	Cash Received	Transferred to Grants Receivable	Balance Dec. 31, 2025
Clean Communities Grant		$16,548.46	$16,548.46	
Recycling Tonnage Grant	$ 44.40	1,433.81	44.40	$ 1,433.81
Emergency Management - Volunteer Firefighter Grant		10,000.00	10,000.00	
	$ 44.40	$27,982.27	$26,592.86	$ 1,433.81
Ref.	A			A

FRANKLIN TOWNSHIP
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

Date Authorized	Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Issued	Matured	Balance Dec. 31, 2025
09/26/23	Millbrook Road Repairs	06/24/24	03/21/25	4.625%	$ 2,000,000.00		$ 2,000,000.00	
		03/20/25	03/19/26	4.250%		$ 1,500,000.00		$ 1,500,000.00
					$ 2,000,000.00	$ 1,500,000.00	$ 2,000,000.00	$ 1,500,000.00
				Ref.	A			A
				Reissued		$ 1,500,000.00	$ 1,500,000.00	
				Paid by Budget Appropriation			500,000.00	
						$ 1,500,000.00	$ 2,000,000.00	

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
TRUST FUNDS

FRANKLIN TOWNSHIP
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund		Other Trust Funds	
Balance December 31, 2024	B		$ 5,601.56		$ 384,365.47
Increased by Receipts:					
Animal Control Collector		$ 2,974.40			
Due to State of New Jersey		525.60			
Miscellaneous Fees		822.00			
Due Current Fund:					
2025 Budget Appropriation		11,500.00			
Interest Earned		179.10		$ 610.93	
Open Space Trust Fund:					
Interest Earned				6,879.17	
Other Deposits				29,240.00	
Planning Board Escrow				73,102.70	
Recreation General Activities				39,894.00	
			16,001.10		149,726.80
			21,602.66		534,092.27
Decreased by Disbursements:					
Expenditures Under R.S. 4:19 - 15.11		14,860.42			
Due to State of New Jersey		512.40			
Due Current Fund:					
Interest Earned		192.85		677.76	
Open Space Trust Fund Expenditures				78,252.50	
Planning Board Escrow				19,919.14	
Recreation General Activities				54,100.70	
			15,565.67		152,950.10
Balance December 31, 2025	B		$ 6,036.99		$ 381,142.17

FRANKLIN TOWNSHIP
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	Ref.		
Balance December 31, 2024	B		$ 5,587.81
Increased by:			
Dog License Fees Collected		$ 2,974.40	
Recovery, Late and Other Fees		822.00	
Due From Current Fund:			
2025 Budget Appropriation		11,500.00	
			15,296.40
			20,884.21
Decreased by:			
Expenditures Under R.S. 4:19-15.11			14,860.42
Balance December 31, 2025	B		$ 6,023.79

License Fees Collected

Year	Amount
2023	$ 3,643.40
2024	4,802.40
Maximum Allowable Reserve	$ 8,445.80

FRANKLIN TOWNSHIP
COUNTY OF WARREN
2025
GENERAL CAPITAL FUND

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	Ref.		
Balance December 31, 2024	C		$ 255,985.37
Increased by:			
Budget Appropriation:			
Capital Improvement Fund		$ 100,000.00	
Payment of Deferred Charges to Future Taxations - Unfunded		20,000.00	
Payment of Bond Anticipation Notes		216,027.00	
Reserve for Road Improvements		50,000.00	
Bond Anticipation Notes Issued		2,550,000.00	
Due Current Fund:			
Interest on Investments		7,594.39	
Due Other Trust Fund - Open Space Trust		30,000.00	
Due from Federal and State Grant Fund - Clean Communities		15,000.00	
Reserve to Pay Debt Service - Environmental Protection Grant		343,845.15	
			3,332,466.54
			3,588,451.91
Decreased by:			
Improvement Authorizations		2,769,448.53	
Bond Anticipation Notes Matured		766,027.00	
Due Current Fund:			
Interest on Investments		7,594.39	
Interfund Returned		598.99	
			3,543,668.91
Balance December 31, 2025	C		$ 44,783.00

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
ANALYSIS OF CASH

			Receipts			Disbursements			Transfers		
		Balance (Deficit) Dec. 31, 2024	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	From	To	Balance (Deficit) Dec. 31, 2025
Fund Balance		$ 10,536.45									$ 10,536.45
Capital Improvement Fund		32,584.10		$ 100,000.00					$ 83,117.00		49,467.10
State of New Jersey Grants Receivable:											
Department of Transportation		(37,815.50)							251,883.00		(289,698.50)
Due Current Fund		598.99			$ 7,594.39			$ 8,193.38	350,000.00	$ 350,000.00	
Due Federal and State Grant Fund					15,000.00				15,000.00		
Due Other Trust Funds - Open Space					30,000.00				30,000.00		
Reserve:											
To Pay Debt Service		352,101.19			343,845.15				350,000.00		345,946.34
For Recreation Equipment		30,000.00									30,000.00
For Road Improvements				50,000.00					50,000.00		
Ord. No.	Improvement Description										
05-9	Mountain View Road	(149,234.64)		20,000.00							(129,234.64)
15-8; 16-3	Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	(148,313.97)					$ 1,108.03				(149,422.00)
18-5	Ambulance/Fire/Tractor		$ 170,000.00	216,027.00		$ 386,027.00					
22-8; 24-11	Water Line Improvements	65,888.75	2,000,000.00				2,715,497.41			350,000.00	(299,608.66)
22-9	Shurts Road Improvements		380,000.00			380,000.00					
24-10	Millbrook Road Improvements #3	99,640.00					200.00				99,440.00
25-7	Various Road Improvements						44,296.09			50,000.00	5,703.91
25-8	Purchase of DPW Vehicle									100,000.00	100,000.00
25-11	Millbrook Road 4						2,232.50			130,000.00	127,767.50
25-12	Improvements to Willow Grove Road						6,114.50			150,000.00	143,885.50
		$ 255,985.37	$ 2,550,000.00	$ 386,027.00	$ 396,439.54	$ 766,027.00	$ 2,769,448.53	$ 8,193.38	$ 1,130,000.00	$ 1,130,000.00	$ 44,783.00

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Funded by Budget Appropriation	Balance Dec. 31, 2025	Analysis of Balance December 31, 2025 Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
05-9	Mountain View Road	$ 149,234.64	$ 20,000.00	$ 129,234.64		$ 129,234.64	
15-8; 16-3	Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	149,422.00		149,422.00		149,422.00	
18-5	Ambulance/Fire/Tractor	386,027.00	216,027.00	170,000.00	$ 170,000.00		
22-8; 24-11	Water Line Improvements	3,325,000.00	350,000.00	2,975,000.00	2,000,000.00	299,608.66	$ 675,391.34
22-9	Shurts Road Improvements	380,000.00		380,000.00	380,000.00		
		$ 4,389,683.64	$ 586,027.00	$ 3,803,656.64	$2,550,000.00	$ 578,265.30	$ 675,391.34
	Ref.	C		C			

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2024 Funded	Balance December 31, 2024 Unfunded	2025 Authorizations Other Financing Sources	Paid or Charged	Balance December 31, 2025 Funded	Balance December 31, 2025 Unfunded
15-8; 16-3	Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	11/02/15; 02/01/16	$ 998,000.00		$ 1,108.03		$ 1,108.03		
22-8; 24-11	Water Line Improvements	07/11/22	3,500,000.00	$ 65,888.75	3,325,000.00		2,715,497.41		$ 675,391.34
24-10	Millbrook Road Improvements #3	12/09/24	100,000.00	99,640.00			200.00	$ 99,440.00	
25-7	Various Road Improvements	05/05/25	50,000.00			$ 50,000.00	44,296.09	5,703.91	
25-8	Purchase of DPW Vehicle	05/05/25	100,000.00			100,000.00		100,000.00	
25-11	Millbrook Road 4	06/02/25	130,000.00			130,000.00	2,232.50	127,767.50	
25-12	Improvements to Willow Grove Road	06/02/25	150,000.00			150,000.00	6,114.50	143,885.50	
				$165,528.75	$ 3,326,108.03	$ 430,000.00	$2,769,448.53	$476,796.91	$ 675,391.34
			Ref.	C	C			C	C

Capital Improvement Fund	$ 83,117.00
New Jersey Department of Transportation Grant	251,883.00
Due from Open Space Trust Fund	30,000.00
Due from Federal and State Grant Fund	15,000.00
Reserve for Road Improvements	50,000.00
	$ 430,000.00

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2024	C	$ 32,584.10
Increased by:		
2025 Budget Appropriation		100,000.00
		132,584.10
Decreased by:		
Appropriation to Finance Improvement Authorizations		83,117.00
Balance December 31, 2025	C	$ 49,467.10

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Authorization	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2024	Issued	Matured	Balance Dec. 31, 2025
18-5	Fire Truck, Ambulance, Tractor	9/26/2018	1/30/2024	1/29/2025	5.00%	$386,027.00		$386,027.00	
			1/28/2025	1/27/2026	4.00%		$ 170,000.00		$ 170,000.00
22-9	Improvements to Shurts Road	1/31/2023	1/30/2024	1/29/2025	5.00%	380,000.00		380,000.00	
			1/28/2025	1/27/2026	4.00%		380,000.00		380,000.00
22-8; 24-11	Water Line Improvements	8/5/2025	8/5/2025	1/27/2026	2.00%		2,000,000.00		2,000,000.00
						$766,027.00	$2,550,000.00	$766,027.00	$2,550,000.00
					Ref.	C			C
						Renewed	$ 550,000.00	$550,000.00	
						New Issue	2,000,000.00		
						Paid by Budget Appropriation		216,027.00	
							$2,550,000.00	$766,027.00	

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

FRANKLIN TOWNSHIP
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Balance Dec. 31, 2025
05-9	Mountain View Road	$ 149,234.64		$ 20,000.00	$ 129,234.64
15-8; 16-3	Road Improvements and Resurfacing, Fire Truck, Dump Truck, Roller, Salt Shed, Windows Replacement	149,422.00			149,422.00
22-8; 24-11	Water Line Improvements	3,325,000.00	$ 2,000,000.00	350,000.00	975,000.00
		$ 3,623,656.64	$ 2,000,000.00	$ 370,000.00	$ 1,253,656.64

FRANKLIN TOWNSHIP

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

FRANKLIN TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Funding Department	Federal Program	Assistance Listing Number	Pass Through Entity ID	Grant Period From	Grant Period To	Grant Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
US Department of Homeland Security:										
(Pass Through N.J Dept of	Emergency Management		100-066-1200-	01/01/23	12/31/25	$ 20,000.00		$ 3,108.43	$ 15,247.09	
Law and Public Safety)	Volunteer Firefighter Grant	97.042	726-062600	01/01/24	12/31/26	10,000.00	$ 10,000.00			
	F.E.M.A. Performance Grant		100-066-1200-							
	Severe Storm and Flooding	97.036	D35-063970	08/30/22	12/31/25	767,043.36	690,654.86	690,654.86 *	767,043.36	
Total U.S. Department of Homeland Security							700,654.86	693,763.29	782,290.45	
TOTAL FEDERAL AWARDS							$700,654.86	$693,763.29	$782,290.45	$ -0-

* - Expended in a Prior Year

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FRANKLIN TOWNSHIP
SCHEDULES OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

State Funding Department	State Program	State Grant Account Number	Grant Period From	Grant Period To	Grant Award Amount	Grant Receipts	Grant Expenditures	Cumulative Expenditures
Department of Environmental Protection:	Clean Communities Program	765-042-4900	01/01/21	12/31/25	$ 18,355.00		$ 14,441.03	$ 18,355.00
		004-178910	01/01/22	12/31/26	13,097.53		2,747.75	2,747.75
			01/01/25	12/31/26	16,548.46	$ 16,548.46		
	Recycling Tonnage Grant	100-042-4910	01/01/24	12/31/25	893.41		671.97	893.41
		224-238490	01/01/25	12/31/26	1,443.81	1,443.81		
	Hazardous Substance Remediation - Dioxane Water Main Project	100-042-4815-435-290100	01/01/23	12/31/25	392,598.93	343,845.15	343,845.15 *	392,598.93
Total Department of Environmental Protection						361,837.42	361,705.90	414,595.09
TOTAL STATE AWARDS						$ 361,837.42	$ 361,705.90	$ 414,595.09

* - Expended in a Prior Year

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FRANKLIN TOWNSHIP
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Note 1. GENERAL

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Franklin Township under programs of the federal and state governments for the year ended December 31, 2025. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. BASIS OF PRESENTATION

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to not use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

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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*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of Franklin Township (Warren), in the County of Warren (the "Township") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated April 14, 2026. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control described in the accompanying Schedules of Findings and Responses as Finding 2025-001, that we consider to be a significant deficiency.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.*

The Township's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinions on the response.

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 14, 2026
Mount Arlington, New Jersey

NISIVOCCIA LLP

Brian Ko

Brian Ko
Registered Municipal Accountant No. 587
Certified Public Accountant

FRANKLIN TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.

- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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.*

- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standard*s, were disclosed during the audit.

- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 25-12 for the year ended December 31, 2025 as both state and federal grant expenditures were less than the single audit thresholds of $1,000,000 identified in the Uniform Guidance and NJOMB 25-12.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

  Finding 2025-001 Segregation of Duties – Significant Deficiency:

  Criteria

  Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

  Condition

  The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; recording of collections; and processing of payroll. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds and the review of the quarterly payroll reports are performed by the Chief Financial Officer.

  Cause

  This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures.

FRANKLIN TOWNSHIP
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Government Auditing Standards Generally Accepted in the United States of America: (Cont'd)

Finding 2025-001 Segregation of Duties – Significant Deficiency: (Cont'd)

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

FRANKLIN TOWNSHIP
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2025

The Township's prior year finding 2024-001 regarding segregation of duties was not resolved due to budgetary constraints and is included as finding 2025-001 on the Schedule of Findings and Responses. The Township's prior year finding 2024-002 regarding fixed assets was resolved in the current year.

FRANKLIN TOWNSHIP

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1071, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to $25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 through June 30, 2025, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are $17,500 for a contracting unit without a qualified purchasing agent and $44,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2025 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are $17,500 for a contracting unit without a qualified purchasing agent and $53,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

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

Collection of Interest on Delinquent Taxes and Assessments

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

At the 2025 reorganization meeting, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

> WHEREAS N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and
>
> WHEREAS, N.J.S.A. 54-4-67 has been amended to permit the fixing of said rates of 8% per annum on the first $1,500.00, 18% per annum on any amount of taxes in excess of $1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of $10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.
>
> NOW, THEREFORE BE IT RESOLVED, by the Mayor and Township Committee of the Township of Franklin, County of Warren, State of New Jersey as follows:
>
> 1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first $1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of $1,500.00 becoming delinquent after due date and if a delinquency is in excess of $10,000.00 and remains in arrears beyond December 31st an additional penalty of 6% shall be charged against the delinquency.
> 2. Effective January 1, 2025, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
> 3. Any payments not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.
> 4. This Resolution shall be published in its entirety in the Express Times-NJ Zone, the official newspaper of the Township of Franklin.
> 5. A certified copy of this Resolution be provided by the Township Clerk to the Tax Collector, Township Attorney and Township Auditor for the Township of Franklin.

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 1, 2025.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

Year	Number of Liens
2025	9
2024	9
2023	18

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

Type	Number Mailed
Payments of 2025 and 2026 Taxes	25
Delinquent Taxes	15
Tax Title Liens	4

Verification notices were mailed to confirm balances and payments as of December 31, 2025. The items that were returned were compared to, and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting system.
3. Fixed asset accounting and reporting system.

The Township is in compliance with these requirements.

Purchase Orders and Purchase Order Process

During the review of the purchase orders processed during the year we noted certain instances where requisitions and purchase orders were dated after the related invoice. We also noted that committee member signatures, and department head and receipt of goods signatures were not obtained for all purchase orders selected for testing. It is recommended that a requisition or purchase order is created and approved prior to the purchase of any goods or services and that all required authorizing signatures are obtained on purchase orders.

Management's Response

The Township will work with all departments to ensure that requisitions are submitted for approval before orders for goods are placed or services are provided. Also, every effort will be made to ensure that vouchers have all required authorizing signatures.

FRANKLIN TOWNSHIP
COMMENTS AND RECOMMENDATIONS
(Continued)

Tax Collector Records

During our review of the tax collector records, it was noted that the listing of municipal liens and the listing of foreclosed properties held by the Township were not maintained and updated annually. It is recommended that the Township tax department maintain an updated listing of municipal tax title liens held and foreclosed properties held by the Township.

Management's Response

The Township will work to update and maintain the listing of municipal liens and the listing of foreclosed properties held by the Township.

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2026

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2027

GASB Statement No. 105, Subsequent Events

Standard will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.

Status of Prior Year Recommendations

The prior year recommendations regarding fixed assets and unfunded General Capital Fund ordinances being funded timely has been resolved in the current year.

The prior year recommendations regarding an adequate segregation of duties, purchase orders being created and approved prior to purchase of goods and services and listing of municipal liens and foreclosed properties, were not resolved and are included in the current year report.

FRANKLIN TOWNSHIP
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.

2. A requisition or purchase order is created and approved prior to the purchase of any goods or services and that all required authorizing signatures are obtained on purchase orders.

3. The Township tax department maintain an updated listing of municipal tax title liens held and of foreclosed properties held by the Township.

* * * * * * * *