

**TOWNSHIP OF ELK  
REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2011**

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## **PART I**

# PETRONI & ASSOCIATES LLC

**Certified Public Accountants • Registered Municipal Accountants**  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Elk  
667 Whig Lane  
Monroeville, New Jersey 08343

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Township of Elk as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds, as listed in the table of contents for the year ended December 31, 2011. These financial statements are the responsibility of the Township of Elk's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the Townships policy to prepare and present its financial statements on the basis of accounting discussed in the preceding paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Elk as of December 31, 2011 and 2010, or the results of its operations for the years then ended.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2012, on our consideration of the Township of Elk'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township of Elk taken as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

June 26, 2012

**CURRENT FUND**

## COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>ASSETS</b>			
Regular Fund			
Cash - Chief Financial Officer	A-4	1,356,406.28	1,661,583.31
Change Fund		150.00	150.00
		1,356,556.28	1,661,733.31
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	666,508.06	651,594.45
Tax Title Liens Receivable	A-8	496,666.55	457,606.81
Property Acquired for Taxes - Assessed Valuation	A-9	152,930.00	152,930.00
Revenue Accounts Receivable	A-10	11,334.91	10,651.00
Due from Tax Sale Fund	B	316.48	167.21
Due from Accumulated Absence Trust	B	5.95	5.59
Due from Fire Safety Penalties Monies	B	2.45	0.93
Due from Forfeited Funds Trust	B	16.86	16.83
Due from Public Defender Trust			33.57
Due from Federal and State Grant Fund	A	47,143.10	54,245.32
Due from Developers Escrow Trust	B	50.53	39.37
Due from Recreation Trust	B	0.45	0.45
Due from Fire Prevention Trust	B	0.16	
Due from Snow Removal Trust	B	40.95	
Prepaid Regional High School Tax	A-15	49,316.08	53,829.63
		1,424,332.53	1,381,121.16
		2,780,888.81	3,042,854.47
Federal and State Grant Fund			
Cash - Chief Financial Officer	A-4	1,602.84	1,594.83
Grants Receivable	A-6	103,382.92	193,756.42
Expenditure Without Appropriation	A-4	200,000.00	
		304,985.76	195,351.25
		3,085,874.57	3,238,205.72

The accompanying notes to the financial statement are an integral part of this statement.

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	186,821.34	274,796.72
Encumbrances Payable	A-12	10,879.32	13,096.40
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	12,553.76	12,845.42
Prepaid Taxes		79,401.49	78,446.60
Tax Overpayments		23,607.93	1,329.61
Payroll Taxes Payable		20,845.67	16,497.09
Reserve for Street Openings		22,430.36	21,459.82
Reserve for Revaluation		23,902.17	23,902.17
Reserve for Codification of Ordinances and Preparation of Master Plan		9,983.03	9,983.03
County Taxes Payable			355.17
Due County for Added & Omitted Taxes		16,680.63	16,067.72
Due Off-Duty Police Trust	B	147,126.34	126,323.17
Due General Capital Fund	C	165,966.46	217,264.04
Due Fire Prevention Trust			0.53
Due Public Defender Trust	B	67.24	
Due Animal Control Trust	B	39.04	39.38
		<u>720,304.78</u>	<u>812,406.87</u>
Reserve for Receivables		1,424,332.53	1,381,121.16
Fund Balance	A-1	636,251.50	849,326.44
		<u>2,780,888.81</u>	<u>3,042,854.47</u>
Federal and State Grant Fund			
Encumbrances Payable	A-12	9,969.72	10,119.72
Reserve for Grants - Appropriated	A-16	127,143.30	128,771.45
Reserve for Grants - Unappropriated	A-17	120,729.64	2,214.76
Due Current Fund	A	47,143.10	54,245.32
		<u>304,985.76</u>	<u>195,351.25</u>
		<u>3,085,874.57</u>	<u>3,238,205.72</u>

The accompanying notes to the financial statement are an integral part of this statement.

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

	Ref.	Year 2011	Year 2010
<b>Revenue and Other Income Realized</b>			
Fund Balance Utilized	A-2	500,029.01	1,088,975.20
Miscellaneous Revenue Anticipated	A-2	850,085.14	725,684.63
Receipts from Delinquent Taxes	A-2	608,574.08	585,011.49
Receipts from Current Taxes	A-2	8,873,981.44	8,732,219.03
Non-Budget Revenue	A-2	153,685.23	396,745.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	187,747.07	264,505.79
Encumbrances Canceled	A-12	3,351.08	751.52
Interfund Loans Returned		11,657.91	
Reserve for Grants - Appropriated Canceled			1,936.27
Prior Year County Tax Adjustment		0.01	
Total Income		<u>11,189,110.97</u>	<u>11,795,829.18</u>
<b>Expenditures</b>			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,373,900.00	1,477,300.00
Other Expenses	A-3	1,550,966.00	1,652,633.00
Deferred Charges and Statutory Expenditures	A-3	393,190.00	346,558.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	40,000.00	36,500.00
Other Expenses	A-3	42,620.56	75,592.00
Capital Improvements	A-3	1,000.00	5,000.00
Debt Service	A-3	259,288.01	236,309.41
Deferred Charges			40,000.00
County Taxes	A-7	2,285,351.47	2,345,738.20
Due County for Added Taxes	A-7	16,680.63	16,067.72
Regional High School Tax	A-15	2,528,831.39	2,417,938.73
Local District School Tax	A-14	2,410,132.50	2,365,368.00
Grant Receivable Canceled			2,697.77
Interfund Loans Advanced		196.34	108,088.62
Total Expenditures		<u>10,902,156.90</u>	<u>11,125,791.45</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	<u>Year 2011</u>	<u>Year 2010</u>
Statutory Excess to Fund Balance		286,954.07	670,037.73
<b>Fund Balance</b>			
Balance January 1	A	<u>849,326.44</u>	<u>1,268,263.91</u>
		1,136,280.51	1,938,301.64
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>500,029.01</u>	<u>1,088,975.20</u>
Balance December 31	A	<u><u>636,251.50</u></u>	<u><u>849,326.44</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special NJS 40A:4-87		
Fund Balance Anticipated	A-1	<u>500,029.01</u>		<u>500,029.01</u>	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-10	119,000.00		92,582.30	26,417.70
Interest and Costs on Taxes	A-10	148,000.00		94,493.94	53,506.06
Consolidated Municipal					
Property Tax Relief Act	A-10	28,538.00		28,538.00	
Energy Receipts Tax	A-10	333,777.00		333,777.00	
Uniform Construction Code	A-10	36,000.00		50,602.00	(14,602.00)
Borough of Newfield -					
Court Reimbursement	A-10	40,000.00		19,000.00	21,000.00
Clean Communities Program	A-6	8,751.68		8,751.68	
Drunk Driving Enforcement Fund	A-6		11,834.12	11,834.12	
Bi Rehabilitation	A-6	2,214.76		2,214.76	
Uniform Fire Safety Act	A-10	3,000.00		4,655.95	(1,655.95)
General Capital Fund Surplus	C-1	203,635.39		203,635.39	
Total Miscellaneous Revenues		<u>922,916.83</u>	<u>11,834.12</u>	<u>850,085.14</u>	<u>84,665.81</u>
Receipts from Delinquent Taxes	A-2	<u>600,000.00</u>		<u>608,574.08</u>	<u>(8,574.08)</u>
Subtotal General Revenues		<u>2,022,945.84</u>	<u>11,834.12</u>	<u>1,958,688.23</u>	<u>76,091.73</u>
Amount to be Raised by Taxation	A-2	<u>2,287,000.00</u>		<u>2,294,854.35</u>	<u>(7,854.35)</u>
Budget Totals		<u>4,309,945.84</u>	<u>11,834.12</u>	<u>4,253,542.58</u>	<u>68,237.38</u>
Non-Budget Revenue	A-2			<u>153,685.23</u>	
		<u>4,309,945.84</u>	<u>11,834.12</u>	<u>4,407,227.81</u>	
Ref.		A-3	A-3		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - REGULATORY BASIS

		Analysis of Realized Revenue	
		Ref.	
Allocation of Current Tax Collections:			
Revenue from Collections	A-7		8,873,981.44
Allocated to:			
School, County and Municipal Open Space Taxes	A-7		7,239,780.49
Balance for Support of Municipal Budget Appropriation			1,634,200.95
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		660,653.40
Amount for Support of Municipal Budget Appropriation	A-2		<u>2,294,854.35</u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collection	A-7		558,786.47
Tax Title Liens	A-8		49,787.61
	A-2		<u>608,574.08</u>
		Analysis of Non-Budget Revenue	
Miscellaneous Revenue Not Anticipated:			
Revenue Accounts Receivable:			
Interest on Investments	A-10		10,748.46
Fees and Permits	A-10		60,013.38
Cell Tower	A-10		40,242.39
Cable Franchise	A-10		16,570.65
Refunds	A-10		14,367.12
S Recs	A-10		4,240.00
FEMA Emergency Payment	A-10		7,503.23
	A-2		<u>153,685.23</u>

The accompanying notes to the financial statements are an integral part of this statement.

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries & Wages	34,500.00	32,500.00	32,490.57		9.43	
Other Expenses	2,050.00	2,050.00	1,097.99		952.01	
Equipment Maintenance	3,000.00	3,000.00	1,070.68		1,929.32	
Mayor and Township Committee						
Salaries & Wages	3,000.00	3,000.00	2,959.99		40.01	
Other Expenses	3,500.00	3,500.00	1,565.99		1,934.01	
Municipal Clerk's Office						
Salaries & Wages	48,500.00	48,500.00	48,490.86		9.14	
Other Expenses	22,200.00	22,200.00	12,757.79	399.07	9,043.14	
Elections						
Other Expenses	3,500.00	3,500.00	2,673.76		826.24	
Financial Administration						
Salaries & Wages	40,200.00	40,200.00	40,186.38		13.62	
Other Expenses	24,475.00	24,475.00	21,992.67		2,482.33	
Audit Services						
Other Expenses	25,000.00	25,000.00	22,800.00		2,200.00	
Collection of Taxes						
Salaries & Wages	28,000.00	28,000.00	27,385.50		614.50	
Other Expenses	5,850.00	5,850.00	4,464.99		1,385.01	
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	500.00	500.00			500.00	
Maintenance of Foreclosed Property						
Other Expenses	500.00	500.00			500.00	
Assessment of Taxes						
Other Expenses						
Revision of Tax Map	1,000.00	1,000.00			1,000.00	
Legal Services and Costs						
Other Expenses	52,000.00	60,000.00	54,359.27	470.00	5,170.73	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Engineering Services and Costs					
Other Expenses	18,000.00	18,000.00	14,516.07		3,483.93
Economic Development					
Other Expenses	500.00	500.00			500.00
<b>LAND USE ADMINISTRATION</b>					
Municipal Land Use Law (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	32,500.00	30,500.00	30,208.49		291.51
Other Expenses	24,450.00	16,450.00	6,031.60	267.58	10,150.82
Zoning Office					
Salaries and Wages	39,500.00	39,500.00	39,091.78		408.22
Other Expenses	1,000.00	1,000.00	228.32		771.68
<b>INSURANCE</b>					
Liability Insurance	54,000.00	54,000.00	48,345.00		5,655.00
Workmen's Compensation	75,000.00	75,000.00	74,203.00		797.00
Group Insurance Plan for Employees	365,216.00	365,216.00	365,164.46		51.54
Health Benefit Waiver	10,500.00	10,500.00	10,500.00		
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police					
Salaries and Wages	986,600.00	989,600.00	988,637.25		962.75
Other Expenses	62,850.00	62,850.00	56,173.19	1,042.77	5,634.04
Office of Emergency Management					
Salaries and Wages	2,300.00	2,300.00	2,284.04		15.96
Other Expenses	1,000.00	1,000.00	934.75		65.25
Aid to Volunteer Fire Companies					
Other Expenses	68,500.00	68,500.00	67,159.72		1,340.28
First Aid Organizations - Contributions	7,950.00	7,950.00	7,735.00		215.00
Uniform Fire Safety Act (P.L. 1983, C. 383)					
Salaries and Wages	1,300.00	1,300.00	1,285.44		14.56
Other Expenses	2,150.00	2,150.00	650.00		1,500.00
Hepatitis Shots	200.00	200.00			200.00
OSHA (P.L. 983, Chap 156)					
Fire					
Other Expenses	15,000.00	15,000.00	13,968.17		1,031.83

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Prosecutor						
Other Expenses	8,000.00	8,000.00	8,000.00			
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs & Maintenance						
Salaries & Wages	89,000.00	80,000.00	77,222.02		2,777.98	
Other Expenses	21,100.00	21,100.00	12,444.17	722.84	7,932.99	
Road Signs						
Other Expenses	2,000.00	2,000.00	1,837.75		162.25	
Vehicle Maintenance						
Other Expenses	58,300.00	53,300.00	36,094.01	4,500.57	12,705.42	
Snow Removal						
Salaries & Wages	8,000.00	8,000.00	3,742.47		4,257.53	
Other Expenses	11,000.00	11,000.00	9,962.66		1,037.34	
Solid Waste Collection						
Contractual	210,000.00	210,000.00	183,632.78		26,367.22	
State Fees	500.00	500.00			500.00	
Miscellaneous Other Expenses	500.00	500.00			500.00	
Public Buildings and Grounds						
Other Expenses	41,000.00	53,000.00	50,035.57	300.00	2,664.43	
<b>HEALTH &amp; HUMAN SERVICES</b>						
Board of Health						
Other Expenses	200.00	200.00			200.00	
Registrar of Vital Statistics						
Other Expenses	300.00	300.00	221.99		78.01	
Environmental Commission						
Other Expenses	500.00	500.00	280.00		220.00	
Agriculture Board						
Other Expenses	200.00	200.00			200.00	
Animal Control						
Other Expenses	500.00	500.00			500.00	
<b>PARK &amp; RECREATION FUNCTIONS</b>						
Recreation						
Other Expenses	1,000.00	1,000.00	1,000.00			
Senior Center						
Other Expenses	1,000.00	1,000.00	1,000.00			

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OTHER COMMON OPERATING FUNCTIONS</b>						
Accumulated Leave Compensation	1,000.00	1,000.00	1,000.00			
<b>SOLID WASTE DISPOSAL COSTS</b>						
Gloucester County Improvement Authority County Landfill Tipping Fees	145,000.00	142,000.00	125,949.56		16,050.44	
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>						
Electricity	48,000.00	41,000.00	36,218.95		4,781.05	
Street Lighting	7,000.00	7,000.00	5,583.06		1,416.94	
Telephone	19,000.00	18,000.00	15,534.52	1,137.29	1,328.19	
Gas (Natural or Propane)	16,000.00	16,000.00	10,800.94	451.39	4,747.67	
Gasoline	58,000.00	71,000.00	66,977.29		4,022.71	
<b>MUNICIPAL COURT FUNCTIONS</b>						
Municipal Court						
Salaries & Wages	27,000.00	28,000.00	27,955.80		44.20	
Other Expenses	21,825.00	21,825.00	12,648.82	1,587.81	7,588.37	
Public Defender						
Salaries & Wages	500.00	500.00	417.98		82.02	
Other Expenses	4,600.00	4,600.00	1,783.34		2,816.66	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>						
Construction Code Officials						
Salaries & Wages	42,000.00	42,000.00	40,038.36		1,961.64	
Other Expenses	14,550.00	14,550.00	11,905.25		2,644.75	
Total Operations Within "CAPS"	2,923,866.00	2,923,866.00	2,743,700.01	10,879.32	169,286.67	
Contingent	1,000.00	1,000.00			1,000.00	
Total Operations Including Contingent Within "CAPS"	2,924,866.00	2,924,866.00	2,743,700.01	10,879.32	170,286.67	
Salaries & Wages	1,382,900.00	1,373,900.00	1,362,396.93		11,503.07	
Other Expenses	1,541,966.00	1,550,966.00	1,381,303.08	10,879.32	158,783.60	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	62,270.00	62,270.00	62,269.00		1.00	
Social Security System (O.A.S.I.)	113,000.00	113,000.00	106,509.80		6,490.20	
Police and Firemen's Retirement System of NJ	203,920.00	203,920.00	203,913.00		7.00	
Unemployment Compensation Insurance	14,000.00	14,000.00	3,963.53		10,036.47	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	<u>393,190.00</u>	<u>393,190.00</u>	<u>376,655.33</u>		<u>16,534.67</u>	
Total Appropriations Within "CAPS"	<u>3,318,056.00</u>	<u>3,318,056.00</u>	<u>3,120,355.34</u>	<u>10,879.32</u>	<u>186,821.34</u>	
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>						
<b>INSURANCE</b>						
Group Insurance Plan for Employees	16,784.00	16,784.00	16,784.00			
<b>SHARED SERVICE AGREEMENTS</b>						
Municipal Alliance Program - Interlocal Service Agreement - Municipal Share	2,036.00	2,036.00	2,036.00			
Borough of Newfield - Court Reimbursement						
Municipal Court						
Salaries & Wages	40,000.00	40,000.00	40,000.00			
Elk Township Municipal Utilities Authority						
Service Agreement						
Other Expenses	1,000.00	1,000.00	1,000.00			

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered      Reserved	
<b>PUBLIC &amp; PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
Clean Communities	8,751.68	8,751.68	8,751.68		
Body Armor Grant	2,214.76	2,214.76	2,214.76		
Drunk Driving Enforcement Fund		11,834.12	11,834.12		
Total Operations Excluded from "CAPS"	<u>70,786.44</u>	<u>82,620.56</u>	<u>82,620.56</u>		
Salaries and Wages	40,000.00	40,000.00	40,000.00		
Other Expenses	<u>30,786.44</u>	<u>42,620.56</u>	<u>42,620.56</u>		
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
<b>DEBT SERVICE</b>					
Payment of Bond Principal	125,000.00	125,000.00	125,000.00		
Payment of Bond Anticipation Notes	41,250.00	41,250.00	41,250.00		
Interest on Bonds	66,500.00	66,500.00	66,406.28		93.72
Interest on Notes	16,500.00	16,500.00	16,431.73		68.27
Capital Lease Program Obligations Approved Prior to 7/1/2007					
Principal	6,996.15	6,996.15	6,996.15		
Interest	3,203.85	3,203.85	3,203.85		
Total Debt Service Excluded from "CAPS"	<u>259,450.00</u>	<u>259,450.00</u>	<u>259,288.01</u>		<u>161.99</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total Appropriations Excluded from "CAPS"	331,236.44	343,070.56	342,908.57			161.99
Subtotal General Appropriations	3,649,292.44	3,661,126.56	3,463,263.91	10,879.32	186,821.34	161.99
<b>RESERVE FOR UNCOLLECTED TAXES</b>	660,653.40	660,653.40	660,653.40			
	<u>4,309,945.84</u>	<u>4,321,779.96</u>	<u>4,123,917.31</u>	<u>10,879.32</u>	<u>186,821.34</u>	<u>161.99</u>
Ref.	A-2			A-12	A	
Appropriation by 40A:4-87	Ref.					
Budget	A-2	11,834.12				
	A-3	4,309,945.84				
		<u>4,321,779.96</u>				
Reserve for Uncollected Taxes	Ref.		660,653.40			
Reserve for Federal & State Grants - Appropriated	A-2		22,800.56			
Payroll Deductions	A-16		928,517.20			
Disbursed	A-4		2,511,946.15			
			<u>4,123,917.31</u>			

The accompanying notes to the financial statements are an integral part of this statement.

## TRUST FUND

## COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash - Chief Financial Officer	B-1	4,599.76	3,442.92
Due Current Fund	A	39.04	39.38
		<u>4,638.80</u>	<u>3,482.30</u>
Tax Sale Fund			
Cash - Collector	B-2	61,967.02	24,842.99
Unemployment Compensation Fund			
Cash - Chief Financial Officer	B-1	22,224.59	24,410.10
Forfeited Funds Trust			
Cash - Chief Financial Officer	B-1	16.86	16.83
Accumulated Absence Trust			
Cash - Chief Financial Officer	B-1	14,122.90	13,122.54
Public Defender Trust			
Cash - Chief Financial Officer	B-1	4,621.11	6,601.92
Due Current Fund	A	67.24	
		<u>4,688.35</u>	<u>6,601.92</u>
Developers Escrow Fund			
Cash - Chief Financial Officer	B-1	186,214.48	168,415.11
Fire Prevention Trust			
Cash - Chief Financial Officer	B-1	8,771.39	7,139.70
Due Current Fund			0.53
		<u>8,771.39</u>	<u>7,140.23</u>
Open Space Preservation Fund			
Cash - Chief Financial Officer	B-1	191,632.51	193,171.98
Recreation Trust			
Cash - Chief Financial Officer	B-1	1,054.95	1,054.95
Off-Duty Police Fund			
Due from Current Fund	A	147,126.34	126,323.17
Affordable Housing Trust			
Cash - Chief Financial Officer	B-1	89,917.91	72,298.16
Uniform Fire Safety Penalty Monies			
Cash - Chief Financial Officer	B-1	302.45	300.93
Snow Removal			
Cash - Chief Financial Officer	B-1	10,040.95	
		<u>742,719.50</u>	<u>641,181.21</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Trust Fund			
Due State of New Jersey			17.40
Reserve for Dog Fund Expenditures	B-3	4,638.80	3,464.90
		<u>4,638.80</u>	<u>3,482.30</u>
Tax Sale Fund			
Due Current Fund	A	316.48	167.21
Reserve for Tax Sale Premiums		13,000.00	21,400.00
Deposits for Redemption of Tax Sale Certificates		48,650.54	3,275.78
		<u>61,967.02</u>	<u>24,842.99</u>
Unemployment Compensation Fund			
Reserve for Unemployment Claims		22,224.59	24,410.10
		<u>22,224.59</u>	<u>24,410.10</u>
Forfeited Funds Trust			
Due Current Fund	A	16.86	16.83
		<u>16.86</u>	<u>16.83</u>
Accumulated Absence Trust			
Due Current Fund	A	5.95	5.59
Reserve for Accumulated Absences		14,116.95	13,116.95
		<u>14,122.90</u>	<u>13,122.54</u>
Public Defender Trust			
Due Current Fund			33.57
Reserve for Public Defender Fees		4,688.35	6,568.35
		<u>4,688.35</u>	<u>6,601.92</u>
Developers Escrow Fund			
Due Current Fund	A	50.53	39.37
Reserve for Developers Escrow Funds		186,163.95	168,375.74
		<u>186,214.48</u>	<u>168,415.11</u>
Fire Prevention Trust			
Due Current Fund	A	0.16	
Reserve for Fire Prevention		8,771.23	7,140.23
		<u>8,771.39</u>	<u>7,140.23</u>
Open Space Preservation Fund			
Reserve for Open Space Preservation		191,632.51	193,171.98
		<u>191,632.51</u>	<u>193,171.98</u>
Recreation Trust			
Due Current Fund	A	0.45	0.45
Reserve for Recreation Programs		1,054.50	1,054.50
		<u>1,054.95</u>	<u>1,054.95</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance <u>Dec. 31, 2011</u>	Balance <u>Dec. 31, 2010</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Off-Duty Police Fund			
Reserve for Off-Duty Police		<u>147,126.34</u>	<u>126,323.17</u>
Affordable Housing Trust			
Reserve for Affordable Housing		<u>89,917.91</u>	<u>72,298.16</u>
Fire Safety Penalty Monies			
Due Current Fund	A	2.45	0.93
Reserve for Fire Safety Penalty Monies		<u>300.00</u>	<u>300.00</u>
		<u>302.45</u>	<u>300.93</u>
Snow Removal Trust			
Due Current Fund	A	40.95	
Reserve for Snow Removal		<u>10,000.00</u>	
		<u>10,040.95</u>	
		<u>742,719.50</u>	<u>641,181.21</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL CAPITAL FUND**

## COMPARATIVE BALANCE SHEET - GENERAL CAPITAL - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<b>ASSETS</b>			
Cash - Chief Financial Officer	C-2	326,890.40	539,480.13
Due from Current Fund	A	165,966.46	217,264.04
Deferred Charges to Future Taxation:			
Funded		1,450,000.00	1,575,000.00
Unfunded	C-4	1,420,750.00	1,177,000.00
Amount to be Provided by Lease Payments		42,404.60	49,400.75
		<u>3,406,011.46</u>	<u>3,558,144.92</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bonds Payable	C-8	1,450,000.00	1,575,000.00
Bond Anticipation Notes Payable	C-9	1,086,000.00	975,000.00
Improvement Authorizations:			
Funded	C-6	4,901.04	8,756.94
Unfunded	C-6	655,556.13	565,202.15
Capital Improvement Fund	C-5	133,563.95	147,563.95
Reserve for Purchase of Fire Equipment		1,887.24	1,887.24
Reserve for Installation of Traffic Signals		12,000.00	12,000.00
Reserve for Improvements to Municipal Roads		19,197.50	19,197.50
Obligations Under Capital Leases	C-7	42,404.60	49,400.75
Fund Balance	C-1	501.00	204,136.39
		<u>3,406,011.46</u>	<u>3,558,144.92</u>

EXHIBIT C-1

## STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Ref.	
Balance December 31, 2010	C	204,136.39
Decreased by:		
Payment to Current Fund as Anticipated Revenue	A-2	<u>203,635.39</u>
Balance December 31, 2011	C	<u>501.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **GENERAL FIXED ASSETS**

## STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Fixed Assets:		
Buildings	408,000.00	408,000.00
Improvements Other than Buildings	199,475.00	199,475.00
Machinery and Equipment	142,870.64	142,870.64
Vehicles	1,247,775.90	1,150,594.90
	<u>1,998,121.54</u>	<u>1,900,940.54</u>
Investment in General Fixed Assets	<u>1,998,121.54</u>	<u>1,900,940.54</u>

The accompanying notes to the financial statements are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

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

**A. Reporting Entity**

The Township of Elk was incorporated in 1891 and is located in Gloucester County, New Jersey.

The Township is governed by an elected five member committee. The members appoint a Mayor from amongst themselves to serve for a one year term.

The financial statements of the Township included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by N.J.S.A. 40A:5-5.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township has no component units.

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

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by G.A.A.P.

**Current Fund** - Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

**General Fixed Assets** - All fixed assets used in governmental fund type operations are accounted for in the general fixed asset account group, rather than in governmental funds.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities in the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey will follow.

A modified accrual basis of accounting is followed with minor exceptions.

**Revenues** - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

**Expenditures** - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's 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 canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received.

Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

**Property Taxes** - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11<sup>th</sup> day of the 11<sup>th</sup> month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with N.J.S.A. 54:5 et. seq.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Property Taxes** (continued) - The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

**Interest on Delinquent Taxes** - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (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 31<sup>st</sup>, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

**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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

**Insurance** - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

**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. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed asset accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

**General Long Term Debt** - General Long Term Debt is accounted for in the General Capital Fund. Accounting principles generally accepted in the United States of America require General Long Term Debt to be accounted for in the General Long Term Debt Account Group.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

**D. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 2: BUDGETARY INFORMATION**

The Township must adopt an annual budget in accordance with N.J.S.A. 40A:4 et. al. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per N.J.S.A. 40A:4-46 and 54.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 2: BUDGETARY INFORMATION (CONTINUED)**

This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per N.J.S.A. 40A:4-87. The following budget amendment was approved as follows:

Special Item of Revenue:	
Drunk Driving Enforcement	<u>11,834.12</u>

**NOTE 3: CASH**

**Custodial Credit Risk – Deposits**

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (G.U.D.P.A.) or in qualified investments established in New Jersey Statutes N.J.S.A. 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2011 and 2010, the carrying amount of the Township's deposits was \$2,280,536.40 and \$2,717,626.40, respectively. As of December 31, 2011 and 2010, \$0 of the municipality's bank balance of \$2,302,355.15 and \$2,763,366.86, respectively, was exposed to Custodial Credit Risk.

**NOTE 4: INVESTMENTS**

As of December 31, 2011, the Township had no investments.

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

**Credit Risk** - New Jersey Statutes N.J.S.A. 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units,

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 4: INVESTMENTS (CONTINUED)**

**Credit Risk** (continued) - government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

**NOTE 5: FUND BALANCES APPROPRIATED**

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	Year	Balance December 31	Budget of Succeeding Year
	2011	636,251.50	425,000.00
	2010	849,326.44	500,029.01
Current	2009	1,268,263.91	1,088,975.20
	2008	1,304,427.15	1,122,519.31
	2007	994,154.08	916,898.62

**NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Budgets
Federal and State Grant Fund: Expenditure Without Appropriation	<u>200,000.00</u>	<u>None</u>	<u>200,000.00</u>

**NOTE 7: FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ending December 31, 2011:

	Dec. 31, 2010	Additions	Deletions	Dec. 31, 2011
Buildings	408,000.00			408,000.00
Improvements Other than Buildings	199,475.00			199,475.00
Machinery and Equipment	142,870.64			142,870.64
Vehicles	1,150,594.90	97,181.00		1,247,775.90
	<u>1,900,940.54</u>	<u>97,181.00</u>	<u>None</u>	<u>1,998,121.54</u>

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 8: INTERFUND RECEIVABLES AND PAYABLES**

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

	Due From	Due To
Current Fund:		
Tax Sale Fund	316.48	
Accumulated Absence Trust	5.95	
Fire Safety Penalties Monies	2.45	
Forfeited Funds Trust	16.86	
Federal and State Grant Fund	47,143.10	
Developers Escrow Trust	50.53	
Recreation Trust	0.45	
Fire Prevention Trust	0.16	
Snow Removal Trust	40.95	
Off-Duty Police Trust		147,126.34
General Capital Fund		165,966.46
Public Defender Trust		67.24
Animal Control Trust		39.04
Federal and State Grant Fund:		
Current Fund		47,143.10
Animal Control Trust:		
Current Fund	39.04	
Tax Sale Fund		
Current Fund		316.48
Forfeited Funds Trust		
Current Fund		16.86
Accumulated Absence Trust		
Current Fund		5.95
Public Defender Trust		
Current Fund	67.24	
Developers Escrow Trust		
Current Fund		50.53
Fire Prevention Trust		
Current Fund		0.16
Recreation Trust		
Current Fund		0.45
Off-Duty Police Trust		
Current Fund	147,126.34	
Fire Safety Penalties Monies		
Current Fund		2.45
Snow Removal Trust		
Current Fund		40.95
General Capital Fund		
	165,966.46	
	360,776.01	360,776.01

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 8: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

The amount due to the Off-Duty Police Fund from the Current Fund is due to the fact that there is no trust bank account maintained for that fund. The amount due to the General Capital fund is due to a deposit of a bond anticipation note into the Current Fund.

**NOTE 9: LONG-TERM DEBT**

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Issued/</u> <u>Authorized</u>	<u>Retired/</u> <u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Due Within</u> <u>One Year</u>
Issued:					
Current Fund:					
Bonds	1,575,000.00		125,000.00	1,450,000.00	125,000.00
Bond Anticipation Notes	975,000.00	152,250.00	41,250.00	1,086,000.00	46,250.00
Net Debt Issued	<u>2,550,000.00</u>	<u>152,250.00</u>	<u>166,250.00</u>	<u>2,536,000.00</u>	<u>171,250.00</u>
Authorized but Not Issued:					
Current Fund:					
Bonds and Notes	202,000.00	285,000.00	152,250.00	334,750.00	
Authorized but Not Issued:	<u>202,000.00</u>	<u>285,000.00</u>	<u>152,250.00</u>	<u>334,750.00</u>	
Total Debt Issued and Authorized but Not Issued	<u>2,752,000.00</u>	<u>437,250.00</u>	<u>318,500.00</u>	<u>2,870,750.00</u>	<u>171,250.00</u>

Permanently funded debt as of December 31, 2011, consisted of the following:

\$2,120,000.00 General Improvement Bonds dated 9/1/05 payable in annual installments through 9/1/20. Interest is paid semi-annually at rates of 4.125% to 4.25% per annum. The balance remaining at December 31, 2011, was \$1,450,000.00.

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

<u>Year Ended</u> <u>December 31</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
General Serial Bonds:			
2012	61,250.00	125,000.00	186,250.00
2013	56,093.75	125,000.00	181,093.75
2014	50,937.50	125,000.00	175,937.50
2015	45,687.50	150,000.00	195,687.50
2016	39,312.50	150,000.00	189,312.50
2017-2020	86,062.50	775,000.00	861,062.50
	<u>339,343.75</u>	<u>1,450,000.00</u>	<u>1,789,343.75</u>

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 9: LONG-TERM DEBT (CONTINUED)**

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .74%.

	Gross Debt	Deductions	Net Debt
School District Debt	2,349,776.83	2,349,776.83	
General Debt	2,870,750.00		2,870,750.00
	5,220,526.83	2,349,776.83	2,870,750.00

Net Debt \$2,870,750.00/Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended  
 \$386,908,975.33 = .74%

Borrowing Power Under N.J.S.A. 40:A2-6 As Amended

3 1/2% of Equalied Valuation Basis (Municipal)	13,541,814.14
Net Debt	2,870,750.00
Remaining Borrowing Power	10,671,064.14

**NOTE 10: NOTES PAYABLE**

The Township had a Bond Anticipation note outstanding as of December 31, 2011, in the amount of \$1,086,000.00 for various capital improvements that will mature on June 13, 2012, at an interest rate of 1.64%.

**NOTE 11: PENSION FUNDS**

**Description of Plans** - All eligible employees of the Township are covered by either the Public Employees' Retirement System, (P.E.R.S.) or the Police and Firemen's Retirement System (P.F.R.S.), cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the P.E.R.S. and P.F.R.S. The reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625 or can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archieve.htm](http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm).

**Public Employees' Retirement System (P.E.R.S.)** - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death disability and medical benefits to certain qualified members. P.E.R.S. is a cost-sharing, multiple-employer plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 11: PENSION FUNDS (CONTINUED)**

**Police and Firemen's Retirement System (P.F.R.S.)** - The Police and Firemen's Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

**Funding Policy** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provided for employee contributions of 5.5% of employees' annual compensation through September 30<sup>th</sup> and 6.5%, thereafter, as defined. P.F.R.S. provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in P.E.R.S. and P.F.R.S. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Township's contributions to P.E.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$62,269.00, \$52,045.00 and \$51,269.00, respectively, equal to the required contributions for each year. The Township's contributions to P.F.R.S. for the years ending December 31, 2011, 2010 and 2009, were \$203,913.00, \$160,513.00 and \$179,637.00, respectively, equal to the required contributions for each year.

**NOTE 12: ACCUMULATED ABSENCE BENEFITS**

The Township permits employees to accrue unused sick time up to a total of thirty days. Any amounts over this are paid at an agreed-upon rate prior to the end of each year. All vacation time must be taken prior to the end of the year.

The Township has entered into a duly negotiated and approved labor agreement #122 in regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2011, was \$100,941.67. The Township has established a trust to fund a reserve for accumulated absences. As of December 31, 2011, the fund had a reserve balance of \$14,116.95.

**NOTE 13: POST-RETIREMENT BENEFITS**

**Plan Description** - The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P. Prior to 1985 the Township authorized participation in the S.H.P.B.'s post-retirement benefit program.

TOWNSHIP OF ELK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 13: POST-RETIREMENT BENEFITS (CONTINUED)**

**Plan Description** (continued) - All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf).

**Funding Policy** - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township contributions to S.H.B.P. for the years ended December 31, 2011, 2010 and 2009, were \$111,999.00, \$99,422.00 and \$91,534.00, respectively, which equaled the required contributions for each year. There were approximately 8, 8 and 8 retired participants eligible at December 31, 2011, 2010, and 2009, respectively.

**NOTE 14: DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Variable Annuity Life Insurance Company (V.A.L.I.C.) and the Security Benefits Company.

**NOTE 15: LABOR CONTRACTS**

As of December 31, 2011, the Township had a total of 12 employees represented by a union, The Police Benevolent Association of New Jersey, Gloucester County, Local No. 122. The union agreement expired on December 31, 2010, and a new agreement is currently being negotiated.

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 16: SCHOOL 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. In the Township's case, the amount of \$1,204,458.50 would be the maximum amount permitted to be deferred as of December 31, 2011, under these regulations. The Township has elected to defer school taxes and the accumulation of such deferral amounts to \$1,162,172.00.

Local School District Tax has been raised and liabilities deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Balance of Tax	1,162,172.00	1,163,387.50
Deferred	1,162,172.00	1,163,387.50
Tax Payable	None	None

**NOTE 17: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for the previous two years:

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Prepaid Taxes - Cash Liability	79,401.49	78,446.80

**NOTE 18: ECONOMIC DEPENDENCY**

The Township is not economically dependent on any one business or industry within the Township.

**NOTE 19: RISK MANAGEMENT**

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability and surety bonds. The Township is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem and Cumberland County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2011.

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 19: RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's Trust Fund for the current year and previous two years:

Year	Township Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2011	3,963.53	5,790.35	12,071.28	22,224.59
2010	None	None	13,428.00	24,410.10
2009	7,431.72	None	None	37,678.41

**NOTE 20: PROPERTY TAX INFORMATION**

**COMPARISON OF TAX RATE INFORMATION**

	2011	2010	2009
Tax Rate	2.387	2.358	2.298
Apportionment of Tax Rate:			
Municipal	0.574	0.549	0.539
County	0.575	0.596	0.586
Local School	0.604	0.600	0.588
Regional High School	0.634	0.613	0.575
Open Space	None	None	0.010
Assessed Valuation	398,413,164	394,119,855	395,818,503

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

	2011	2010	2009
Tax Levy	9,567,867.83	9,371,303.93	9,129,590.98
Cash Collections	8,873,981.44	8,732,219.03	8,461,805.93
Percentage of Collections	92.75%	93.18%	92.69%

TOWNSHIP OF ELK  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2011

**NOTE 20: PROPERTY TAX INFORMATION (CONTINUED)**

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Amount of Tax Title Liens	496,666.55	457,606.81	419,725.55
Delinquent Taxes	<u>666,508.06</u>	<u>651,594.45</u>	<u>640,719.36</u>
Total Delinquent	1,163,174.61	1,109,201.26	1,060,444.91
Percentage of Tax Levy	12.16%	11.84%	11.62%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property Acquired for Taxes (Assessed Valuation)	152,930.00	152,930.00	77,530.00

**NOTE 21: LITIGATION**

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

**NOTE 22: SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through June 26, 2012, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

## **SUPPLEMENTARY DATA**

# PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants  
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028  
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## **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***

Honorable Mayor and Members  
of the Township Committee  
Township of Elk  
667 Whig Lane  
Monroeville, New Jersey 08343

We have audited the financial statements – regulatory basis of the Township of Elk as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Township of Elk prepares its financial statements on a basis of accounting prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Internal Control over Financial Reporting**

Management of the Township of Elk is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Elk's internal control over financial reporting as a basis for designing our auditing procedures 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 of Elk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Elk's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Elk'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the General Comments section of the audit report.

This report is intended solely for the information and use of the management, the governing body, federal and state awarding agencies and pass-through entities and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252

June 26, 2012

## **CURRENT FUND**

## SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER

	Ref.	Regular Fund	Federal and State Grant Fund
Balance December 31, 2010	A	1,661,583.31	1,594.83
Increased by Receipts:			
Tax Collector	A-5	9,557,684.29	
Grants Receivable	A-6	110,959.30	
Revenue Accounts Receivable	A-10	682,682.47	8.01
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	57,010.96	
Grants Unappropriated	A-17	120,729.64	
Due to General Capital Fund		152,250.00	
Street Opening Fees		970.54	
Due Off-Duty Police Fund		88,365.00	
		<u>10,770,652.20</u>	<u>8.01</u>
		12,432,235.51	1,602.84
Decreased by Disbursements:			
2011 Budget Appropriations	A-3	2,511,946.15	
2010 Appropriation Reserves	A-11	87,049.65	
Encumbrances Payable	A-12	9,895.32	
Local District School Tax	A-14	2,410,132.50	
Regional High School Tax	A-15	2,524,317.84	
Reserve for Grants - Appropriated	A-16	24,428.71	
Tax Overpayments Refunded		14,554.24	
Payroll Taxes		924,168.62	
County Taxes		2,285,706.65	
Due County for Added Taxes		16,067.72	
Expenditure Without Appropriation	A	200,000.00	
Due Off-Duty Police Fund		67,561.83	
		<u>11,075,829.23</u>	
Balance December 31, 2011	A	<u><u>1,356,406.28</u></u>	<u><u>1,602.84</u></u>

## SCHEDULE OF CASH - COLLECTOR

	Ref.	
Increased by Receipts:		
Taxes Receivable	A-7	9,295,689.08
Tax Title Liens	A-8	49,787.61
Revenue Accounts Receivable	A-10	94,643.94
Prepaid Taxes		79,401.49
Tax Overpayments		38,162.17
		<hr/>
		9,557,684.29
Decreased by Disbursements:		
Paid to Chief Financial Officer	A-4	<u>9,557,684.29</u>

## SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	Transfer from Grants Unappropriated	Balance Dec. 31, 2011
State:					
Body Armor Grant		2,214.76		2,214.76	
Clean Communities		8,751.68	8,751.68		
Drunk Driving Enforcement		11,834.12	11,834.12		
Recreational Trails Program	25,000.00				25,000.00
Transportation Trust Fund	168,756.42		90,373.50		78,382.92
	<u>193,756.42</u>	<u>22,800.56</u>	<u>110,959.30</u>	<u>2,214.76</u>	<u>103,382.92</u>
Ref.	A	A-2	A-4	A-17	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2011 Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2010			2010	2011				Dec. 31, 2011
1988	1,808.63								1,808.63
1989	114.71								114.71
1990	1,925.08								1,925.08
1992	1,001.37								1,001.37
1994	5,811.50								5,811.50
1995	1,936.75								1,936.75
1996	8,343.11								8,343.11
1997	11,558.09								11,558.09
1998	4,923.60								4,923.60
1999	3,305.41								3,305.41
2000	8,265.27								8,265.27
2001	9,724.73								9,724.73
2002	4,837.39								4,837.39
2003	7,045.94								7,045.94
2004	378.10								378.10
2006	3,424.41								3,424.41
2007	2.46								2.46
2008	821.97				178.80				643.17
2009	5,965.54		4,722.39		6,357.61				4,330.32
2010	570,400.39		6,196.56		552,250.06		950.07	9,464.48	13,932.34
	<u>651,594.45</u>		<u>10,918.95</u>		<u>558,786.47</u>		<u>950.07</u>	<u>9,464.48</u>	<u>93,312.38</u>
2011		9,567,867.83		78,446.60	8,794,205.23	1,329.61	40,173.33	80,517.38	573,195.68
	<u>651,594.45</u>	<u>9,567,867.83</u>	<u>10,918.95</u>	<u>78,446.60</u>	<u>9,352,991.70</u>	<u>1,329.61</u>	<u>41,123.40</u>	<u>89,981.86</u>	<u>666,508.06</u>
Ref.	A							A-8	A
	Cash - Collector			Ref.					
	Due State of New Jersey			A-5	9,295,689.08				
				A-13	57,302.62				
					<u>9,352,991.70</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

**Analysis of Property Tax Levy**

**Tax Yield**

General Purpose Tax:			
Business Personalty Tax		33,572.30	
General Property Tax		9,476,550.60	
		<hr/>	
			9,510,122.90
Added Taxes (54:4-63.1 et seq.)			57,744.93
			<hr/>
			<u>9,567,867.83</u>

	Ref.		
<b>Tax Levied</b>			
Regional High School Tax (Abstract)	A-15		2,528,831.39
Local District School Tax (Abstract)	A-14		2,408,917.00
County Taxes:			
County Tax (Abstract)		1,968,279.59	
County Library Tax (Abstract)		159,841.10	
County Open Space Tax (Abstract)		157,230.78	
Due County for Added Taxes (54:4-63.1 et seq.)		16,680.63	
		<hr/>	
Total County Taxes			2,302,032.10
Local Tax for Municipal Purposes	A-2	2,287,000.00	
Add: Additional Taxes Levied		41,087.34	
		<hr/>	
			2,328,087.34
			<hr/>
			<u>9,567,867.83</u>

## SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2010	A		457,606.81
Increased by:			
Transfers from Taxes Receivable	A-7	89,981.86	
Interest and Costs Accrued by Sale of November 29, 2011		<u>1,746.87</u>	
			<u>91,728.73</u>
			<u>549,335.54</u>
Decreased by:			
Collection	A-5	49,787.61	
Canceled		<u>2,881.38</u>	
			<u>52,668.99</u>
Balance December 31, 2011	A		<u><u>496,666.55</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2010	A		<u>152,930.00</u>
Balance December 31, 2011	A		<u><u>152,930.00</u></u>

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
<b>Miscellaneous Revenue Anticipated</b>				
Fines and Costs:				
Municipal Court	6,908.17	93,371.16	92,582.30	7,697.03
Interest and Costs on Taxes		94,493.94	94,493.94	
Consolidated Municipal Property Tax Relief		28,538.00	28,538.00	
Energy Receipts Tax		333,777.00	333,777.00	
Uniform Construction Code	3,722.00	50,503.00	50,602.00	3,623.00
Borough of Newfield - Court Reimbursement		19,000.00	19,000.00	
Uniform Fire Safety Act		4,655.95	4,655.95	
<b>Miscellaneous Revenue Not Anticipated</b>				
Interest on Investments	20.83	10,742.51	10,748.46	14.88
Fees and Permits		60,013.38	60,013.38	
Cell Tower		40,242.39	40,242.39	
Cable Franchise		16,570.65	16,570.65	
Refunds		14,367.12	14,367.12	
S Recs		4,240.00	4,240.00	
FEMA Emergency Payment		7,503.23	7,503.23	
	<u>10,651.00</u>	<u>778,018.33</u>	<u>777,334.42</u>	<u>11,334.91</u>
Ref.	A			A
		Ref.		
Treasurer		A-4	682,690.48	
Collector		A-5	94,643.94	
			<u>777,334.42</u>	

## SCHEDULE OF 2010 APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:				
Municipal Clerk	4,168.30	4,168.30	1,759.12	2,409.18
Financial Administration	8,400.21	5,400.21	190.24	5,209.97
Tax Map Revisions	1,306.00	306.00		306.00
Legal Services and Costs	9,438.27	7,438.27	4,798.18	2,640.09
Engineering Services and Costs	9,068.08	9,068.08	5,393.22	3,674.86
Planning Board	1,961.77	1,961.77	1,336.50	625.27
Police	17,987.75	15,987.75	4,931.27	11,056.48
Uniform Fire Safety Act	1,995.20	1,995.20	298.17	1,697.03
Emergency Management	845.28	845.28	383.32	461.96
OSHA	1,715.69	1,715.69	1,636.03	79.66
Road Repairs & Maintenance	5,741.91	3,741.91	1,001.49	2,740.42
Vehcile Maintenance	3,749.85	3,749.85	2,105.52	1,644.33
Snow Removal	5,642.60	15,642.60	15,569.00	73.60
Solid Waste Collection	37,242.16	37,242.16	16,557.84	20,684.32
County Landfill Tipping Fees	21,901.32	21,901.32	9,489.00	12,412.32
Electricity	5,844.11	5,844.11	3,388.65	2,455.46
Street Lighting	1,479.89	1,479.89	383.53	1,096.36
Telephone	3,781.38	3,781.38	1,110.58	2,670.80
Gas (Natural or Propane)	5,497.41	5,497.41	1,552.15	3,945.26
Gasoline	11,886.71	11,886.71	3,857.97	8,028.74
Construction Code	3,875.53	3,875.53	1,278.99	2,596.54
Municipal Court	6,805.69	6,805.69	275.00	6,530.69
Unemployment Compensation	9,753.88	9,753.88	9,753.88	
Other Accounts - No Change	94,707.73	94,707.73		94,707.73
	<u>274,796.72</u>	<u>274,796.72</u>	<u>87,049.65</u>	<u>187,747.07</u>
Ref.	A		A-4	A-1

## SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2010	A	<u>13,096.40</u>	<u>10,119.72</u>
Increased by:			
Charges to 2011 Appropriations	A-3	10,879.32	
		<u>23,975.72</u>	<u>10,119.72</u>
Decreased by:			
Payments	A-4	9,745.32	150.00
Canceled	A-1	3,351.08	
		<u>13,096.40</u>	<u>150.00</u>
Balance December 31, 2011	A	<u><u>10,879.32</u></u>	<u><u>9,969.72</u></u>

SCHEDULE OF DUE STATE OF NEW JERSEY  
SENIOR CITIZEN AND VETERANS DEDUCTIONS

	Ref.		
Balance December 31, 2010	A		12,845.42
Increased by:			
Receipts	A-4		57,010.96
			<u>69,856.38</u>
Decreased by:			
2011 Deductions Per Tax Duplicate		59,250.00	
2011 Deductions Allowed by Collector		2,750.00	
2011 Deductions Disallowed by Collector		<u>(4,697.38)</u>	
	A-7		<u>57,302.62</u>
Balance December 31, 2011	A		<u><u>12,553.76</u></u>

## SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2010:		
School Tax Deferred		<u>1,163,387.50</u>
		1,163,387.50
Increased by:		
Levy - School Year July 1, 2011 to June 30, 2012	A-7	<u>2,408,917.00</u>
		3,572,304.50
Decreased by:		
Payments	A-4	<u>2,410,132.50</u>
Balance December 31, 2011:		
School Tax Deferred		<u>1,162,172.00</u>
		<u>1,162,172.00</u>
2011 Tax Liability for Local District School Tax:		
Tax Paid	A-1	<u>2,410,132.50</u>

## SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2010		(53,829.63)
Increased by:		
Levy - Calendar Year 2011	A-7	<u>2,528,831.39</u>
		2,475,001.76
Decreased by:		
Payments	A-4	<u>2,524,317.84</u>
Balance December 31, 2011	A	<u>(49,316.08)</u>
2011 Tax Liability for Regional High School Tax:		
Tax Paid	A-1	<u>2,528,831.39</u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Transferred</u> <u>from 2011</u> <u>Budget</u> <u>Appropriation</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Federal Grants:				
Community Development Block Grant	22,720.21			22,720.21
Click It or Ticket	3,400.00			3,400.00
State Grants:				
Alcohol Education and Rehabilitation	2,499.15		295.00	2,204.15
Clean Communities	30,820.85	8,751.68	11,294.59	28,277.94
Drunk Driving Enforcement Fund	3,931.73	11,834.12	11,279.12	4,486.73
Body Armor Grant	1,343.51	2,214.76	1,560.00	1,998.27
Stormwater Regulation Program	6,250.00			6,250.00
Recycling Tonnage Grant	11,571.29			11,571.29
Transportation Trust Fund	46,234.71			46,234.71
	<u>128,771.45</u>	<u>22,800.56</u>	<u>24,428.71</u>	<u>127,143.30</u>
Ref.	A	A-3	A-4	A

## SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	<u>Balance Dec. 31, 2010</u>	<u>Received</u>	<u>Realized in 2011 Budget</u>	<u>Balance Dec. 31, 2011</u>
State Grants:				
Transportation Trust		111,845.44		111,845.44
Alcohol Education and Rehabilitation		916.89		916.89
Body Armor Grant	2,214.76	1,522.49	2,214.76	1,522.49
Recycling Tonnage Grant		6,444.82		6,444.82
	<u>2,214.76</u>	<u>120,729.64</u>	<u>2,214.76</u>	<u>120,729.64</u>
	A	A-4	A-6	A

## TRUST FUND

SCHEDULE OF TRUST FUND CASH - CHIEF FINANCIAL OFFICER

	Ref.	Animal Control Trust	Unemployment Compensation Fund	Forfeited Funds Trust	Accumulated Absence Trust	Public Defender Trust	Developers Escrow Fund	Fire Prevention Trust	Open Space Preservation Fund	Recreation Trust	Affordable Housing Trust	Fire Safety Penalty Monies Trust	Snow Removal Trust
Balance December 31, 2010	B	3,442.92	24,410.10	16.83	13,122.54	6,601.92	168,415.11	7,139.70	193,171.98	1,054.95	72,298.16	300.93	
Increased by Receipts:													
Dog License Fees:													
Municipal Share	B-3	3,185.80											
State Share		1,132.20											
Budget Appropriation					1,000.00								10,000.00
Unemployment Compensation			9,753.88										
Developers Deposits							87,788.41						
Fire Prevention Fees								1,631.00					
Public Defender Fees						1,120.00							
Affordable Housing Fees											17,219.00		
Interest Earned		21.26	131.89	0.03	66.03	33.96	951.22	40.95	960.53	5.27	400.75	1.52	40.95
		<u>4,339.26</u>	<u>9,885.77</u>	<u>0.03</u>	<u>1,066.03</u>	<u>1,153.96</u>	<u>88,739.63</u>	<u>1,671.95</u>	<u>960.53</u>	<u>5.27</u>	<u>17,619.75</u>	<u>1.52</u>	<u>10,040.95</u>
		<u>7,782.18</u>	<u>34,295.87</u>	<u>16.86</u>	<u>14,188.57</u>	<u>7,755.88</u>	<u>257,154.74</u>	<u>8,811.65</u>	<u>194,132.51</u>	<u>1,060.22</u>	<u>89,917.91</u>	<u>302.45</u>	<u>10,040.95</u>
Decreased by Disbursements:													
Paid to State of New Jersey Expenditures Under RS 4:19-15.11	B-3	1,149.60											
Unemployment Compensation			12,071.28										
Developers Fees							70,940.26						
Open Space Fund Expenses									2,500.00				
Transfer to Current Fund		20.92			65.67	3,134.77		40.26		5.27			
		<u>3,182.42</u>	<u>12,071.28</u>		<u>65.67</u>	<u>3,134.77</u>	<u>70,940.26</u>	<u>40.26</u>	<u>2,500.00</u>	<u>5.27</u>			
Balance December 31, 2011	B	<u>4,599.76</u>	<u>22,224.59</u>	<u>16.86</u>	<u>14,122.90</u>	<u>4,621.11</u>	<u>186,214.48</u>	<u>8,771.39</u>	<u>191,632.51</u>	<u>1,054.95</u>	<u>89,917.91</u>	<u>302.45</u>	<u>10,040.95</u>

## SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2010	Ref. B		24,842.99
Increased by:			
Deposits for Redemption of Tax Sale Certificates		362,402.07	
Premiums Received at Tax Sale		19,000.00	
Interest Due Current Fund		149.27	
		<hr/>	381,551.34
			<hr/>
			406,394.33
Decreased by:			
Deposits for Redemption of Tax Sale Certificates		317,027.31	
Premiums Received at Tax Sale		27,400.00	
		<hr/>	344,427.31
Balance December 31, 2011	B		<hr/> <hr/>
			61,967.02

## SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2010	Ref. B	3,464.90
Increased by:		
Municipal Share of Dog License Fees	B-1	3,185.80
		<u>6,650.70</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	2,011.90
Balance December 31, 2011	B	<u><u>4,638.80</u></u>

## License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	3,325.40
2010	5,508.00
	<u>8,833.40</u>

## **GENERAL CAPITAL FUND**

## SCHEDULE OF GENERAL CAPITAL CASH - CHIEF FINANCIAL OFFICER

Balance December 31, 2010	Ref. C		539,480.13
Increased by:			
Budget Appropriation:			
Capital Improvement Fund	C-5	1,000.00	
Interest Earned		2,319.73	
		<hr/>	3,319.73
			<hr/>
			542,799.86
Decreased by:			
Due Current Fund		2,407.54	
Improvement Authorizations	C-6	213,501.92	
		<hr/>	215,909.46
Balance December 31, 2011	C		<hr/> <hr/>
			326,890.40

## ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2010	Receipts		Disbursements		Balance Dec. 31, 2011
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
Fund Balance	204,136.39					501.00
Capital Improvement Fund	147,563.95	1,000.00				133,563.95
Due Current Fund	(217,264.04)		2,319.73		2,407.54	(165,966.46)
Reserve for Purchase of Fire Equipment	1,887.24					1,887.24
Reserve for Installation of Traffic Signals	12,000.00					12,000.00
Reserve for Improvements to Municipal Roads	19,197.50					19,197.50
Improvement Authorizations:						
<u>Ordinance #</u>						
98-04 Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	2,568.64					2,568.64
06-04 Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	33,365.28					33,365.28
07-18 Purchase of Fire Truck	28,282.35					28,282.35
07-19 Reconstruction of Streets & Park Improvements	184,180.74					184,180.74
07-20 Purchase of Passenger Bus	2,332.40					2,332.40
08-12 Reconstruction of Streets	41,287.60					41,287.60
09-08 Reconstruction of Streets	76,086.18			71,060.88		78,775.30
10-46 Purchase of Recycling Carts	3,855.90			78,438.00		3,917.90
11-12 Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System				43,201.99		(35,701.99)
11-13 Reconstruction of a Portion of Moods Road & Related Drainage System				20,801.05		(13,301.05)
	<u>539,480.13</u>	<u>1,000.00</u>	<u>2,319.73</u>	<u>213,501.92</u>	<u>2,407.54</u>	<u>326,890.40</u>
Ref.	C	C-5	C-2	C-6	C-2	C

SCHEDULE OF DEFERRED CHARGES TO FUTURE  
TAXATION - UNFUNDED

Ordinance #	Purpose	Balance Dec. 31, 2010	2011 Authorization	Notes Paid by Appropriation	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011		
						Financed By Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	170,000.00		10,000.00	160,000.00	160,000.00		
07-18	Purchase of Fire Truck	380,000.00		20,000.00	360,000.00	360,000.00		
07-19	Reconstruction of Streets & Park Improvements	213,750.00		11,250.00	202,500.00	202,500.00		
07-20	Purchase of Passenger Bus	47,500.00			47,500.00			47,500.00
08-12	Reconstruction of Streets	95,000.00			95,000.00	95,000.00		
09-08	Reconstruction of Streets	190,000.00			190,000.00	190,000.00		
10-46	Purchase of Recycling Carts	80,750.00			80,750.00	78,500.00		2,250.00
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System		142,500.00		142,500.00		35,701.99	106,798.01
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System		142,500.00		142,500.00		13,301.05	129,198.95
		<u>1,177,000.00</u>	<u>285,000.00</u>	<u>41,250.00</u>	<u>1,420,750.00</u>	<u>1,086,000.00</u>	<u>49,003.04</u>	<u>285,746.96</u>
Ref.	C		C-6	C-9	C	C-9	C-3	
	Improvement Authorizations - Unfunded					Ref.		
	Less: Unexpended Proceeds of Bond					C-6		655,556.13
	Anticipation Notes Issued:							
	Ordinance 06-04					C-3	33,365.28	
	Ordinance 07-18					C-3	28,282.35	
	Ordinance 07-19					C-3	184,180.74	
	Ordinance 08-12					C-3	41,287.60	
	Ordinance 09-08					C-3	78,775.30	
	Ordinance 10-46					C-3	3,917.90	
								369,809.17
								<u>285,746.96</u>

## SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	C	147,563.95
Increased by:		
2011 Budget Appropriation	C-2	<u>1,000.00</u>
		148,563.95
Decreased by:		
Appropriation to Finance Improvement Authorization	C-6	<u>15,000.00</u>
Balance December 31, 2011	C	<u><u>133,563.95</u></u>

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance #	Improvement Description	Date	Amount	Balance Dec. 31, 2010		2011 Authorization	Paid or Charged	Balance Dec. 31, 2011	
				Funded	Unfunded			Funded	Unfunded
98-04	Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	6/4/98	198,030.00	2,568.64				2,568.64	
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	6/19/06	200,000.00		33,365.28				33,365.28
07-18	Purchase of Fire Truck	12/6/07	400,000.00		28,282.35				28,282.35
07-19	Reconstruction of Streets & Park Improvements	12/6/07	225,000.00		184,180.74				184,180.74
07-20	Purchase of Passenger Bus	12/6/07	50,000.00	2,332.40	47,500.00			2,332.40	47,500.00
08-12	Reconstruction of Streets	10/2/08	100,000.00		41,287.60				41,287.60
09-08	Reconstruction of Streets	7/21/09	200,000.00		149,836.18		71,060.88		78,775.30
10-46	Purchase of Recycling Carts	2/2/10	85,000.00	3,855.90	80,750.00		78,438.00		6,167.90
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System	10/18/11	150,000.00			150,000.00	43,201.99		106,798.01
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System	10/18/11	150,000.00			150,000.00	20,801.05		129,198.95
				<u>8,756.94</u>	<u>565,202.15</u>	<u>300,000.00</u>	<u>213,501.92</u>	<u>4,901.04</u>	<u>655,556.13</u>
		Ref.		C	C		C-2	C	C
	Capital Improvement Fund				Ref. C-5	15,000.00			
	Deferred Charges to Future Taxation - Unfunded				C-4	285,000.00			
						<u>300,000.00</u>			

## SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance	Decreased	Balance
			Principal	Interest		Dec. 31, 2010		Dec. 31, 2011
Energy Management Equipment	6/1/06	10 Years	74,832.00	27,168.00	6.50%	49,400.75	6,996.15	42,404.60
					Ref.	C		C

## SCHEDULE OF BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance	Decreased	Balance
			Date	Amount		Dec. 31, 2010		Dec. 31, 2011
General Improvement Bonds of 2005	9/1/05	2,120,000.00	9/1/12-13	125,000.00	4.125%			
			6/1/14	125,000.00	4.200%			
			9/1/15-16	150,000.00	4.250%			
			9/1/17	155,000.00	4.250%			
			9/1/18	200,000.00	4.250%			
			9/1/19-20	210,000.00	4.250%	1,575,000.00	125,000.00	1,450,000.00
						1,575,000.00	125,000.00	1,450,000.00
					Ref.	C		C

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance #	Purpose	Date of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance			
		of Original Note				Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	6/25/06	6/14/11	6/13/12	1.64%	170,000.00		10,000.00	160,000.00
07-18	Purchase of Fire Truck	8/13/08	6/14/11	6/13/12	1.64%	380,000.00		20,000.00	360,000.00
07-19	Reconstruction of Streets & Park Improvements	8/13/08	6/14/11	6/13/12	1.64%	213,750.00		11,250.00	202,500.00
08-12	Reconstruction of Streets	6/16/09	6/14/11	6/13/12	1.64%	95,000.00			95,000.00
09-08	Reconstruction of Streets	6/15/10	6/14/11	6/13/12	1.64%	116,250.00			116,250.00
09-08	Reconstruction of Streets	6/14/11	6/14/11	6/13/12	1.64%		73,750.00		73,750.00
10-46	Purchase of Recycling Carts	6/14/11	6/14/11	6/13/12	1.64%		78,500.00		78,500.00
						<u>975,000.00</u>	<u>152,250.00</u>	<u>41,250.00</u>	<u>1,086,000.00</u>
					Ref.	C	C-10	C-4	C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2010 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2011
07-19	Reconstruction of Streets & Park Improvements	47,500.00			47,500.00
09-08	Reconstruction of Streets	73,750.00		73,750.00	
10-46	Purchase of Recycling Carts	80,750.00		78,500.00	2,250.00
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System		142,500.00		142,500.00
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System		142,500.00		142,500.00
		<u>202,000.00</u>	<u>285,000.00</u>	<u>152,250.00</u>	<u>334,750.00</u>
	Ref.		C-6	C-9	

**PART II**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

## **GENERAL COMMENTS**

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

N.J.S.A. 40A:11-4 states "Every contract or agreement 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 the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

Reconstruction of Cedar Bridge Road

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11.5.

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.

Our examination of expenditures did not reveal any individual payment, contract or agreement in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

N.J.S.A. 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

### **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.

The governing body on January 6, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 allows Municipalities to fix rates of interest to be charged for unpaid and delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of Elk, County of Gloucester and State of New Jersey that the Tax Collector of said Township is hereby directed to charge interest at the rate of 8% per annum on the first \$1,500.00 of delinquent installments of taxes, and at the rate of 18% per annum on any amount in excess of \$1,500.00 from the date the installments become delinquent. Provided, however, that no interest shall be charged if payment of any installment is made within ten (10) days after the date on which same became payable.

BE IT FURTHER RESOLVED that the Tax Collector is authorized and directed to charge a penalty of 6% of the amount of tax delinquency to any taxpayer with a tax delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on November 29, 2011, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2011	94
2010	88
2009	89

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 tax-paying basis.

**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. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

**OTHER COMMENTS**

**Accounting Procedures**

The records maintained by the Chief Financial Officer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements as follows:

1. The general ledger has been established as required by N.J.A.C. 5:30-5.7. The general ledger does not contain all necessary adjusting entries. These entries are made after year end.
2. An encumbrance accounting and reporting system has been established as required by N.J.A.C. 5:30-5.2.
3. A fixed asset accounting and reporting system has been established as required by N.J.A.C. 5:30-5.6.

There are interfund loans existing as of year end. Generally, they were the result of December interest earned and the absence of a bank account for the Federal and State grant funds. These interfunds are routinely cleared in the subsequent year.

There was an expenditure without an appropriation. This was a budgetary issue arising from the omission of inserting a special item of revenue in the budget.

**Corrective Action Plan**

A corrective action plan was not required for the year 2010.

**FINDINGS AND RECOMMENDATIONS**

2011-1 Finding: There was an expenditure without an appropriation due to the omission of inserting a special item of revenue in the budget.

Recommendation: Care be taken to ensure that approved budget line items are available before expending funds.

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We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni  
Certified Public Accountant  
Registered Municipal Accountant #252