

TOWNSHIP OF ELK

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2012**

**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

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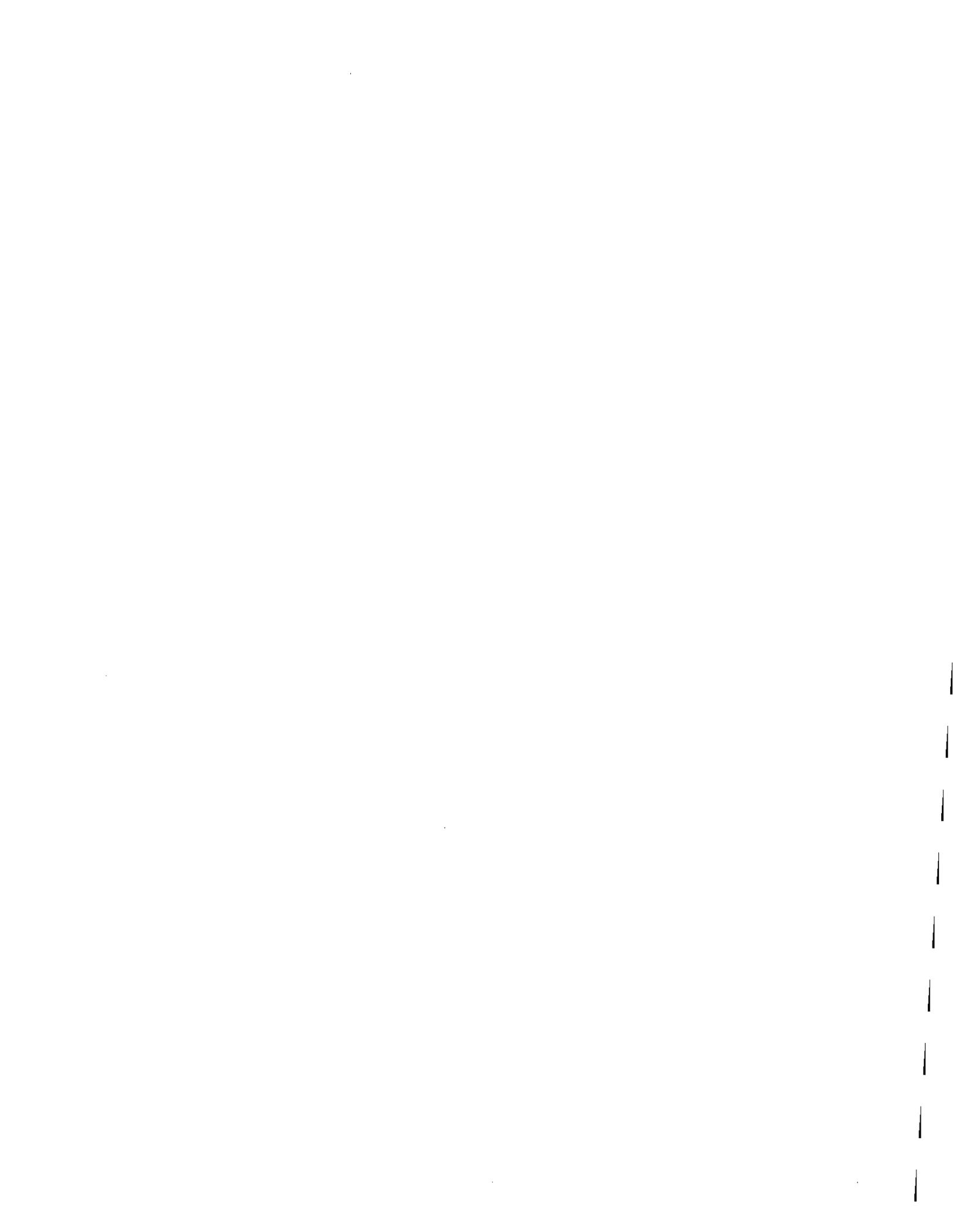
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**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**





HOLMAN | FRENIA
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Elk
County of Gloucester
Monroeville, New Jersey 08043

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of Township of Elk, County of Gloucester, State of New Jersey as of December 31, 2012 and 2011 the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related comparative statement of revenues--regulatory basis, statement of expenditures--regulatory basis and comparative statement of general fixed assets group of accounts and the related notes to the financial statements for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the effects of the matters, as discussed in the preceding paragraph, 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 Township of Elk, County of Gloucester, State of New Jersey, as of December 31, 2012, or the results of its operations or its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of Township of Elk, County of Gloucester, State of New Jersey, as of December 31, 2012 and 2011, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general fixed assets, for the year ended December 31, 2012 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above 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. Such 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 of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013, on our consideration of 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* in considering Township of Elk's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Kevin Frenia", written in a cursive style.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford, New Jersey
June 30, 2013



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the Township Committee
Township of Elk
County of Gloucester
Monroeville, New Jersey 08043

We have audited, in accordance with the 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, the financial statements of Township of Elk (herein referred to as “the Municipality”), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 30, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Comment and Recommendation Section as Finding No. 2012-01 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Comment and Recommendation Section as Finding No. 2012-02 to be a significant deficiency.

Compliance and Other Matters

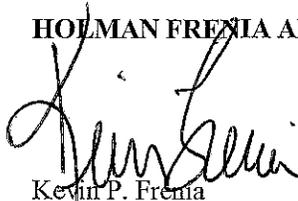
As part of obtaining reasonable assurance about whether Township of Elk's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the accompanying Comment and Recommendation Section as Finding No's: 2012-01 and 2012-02.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Respectfully submitted,

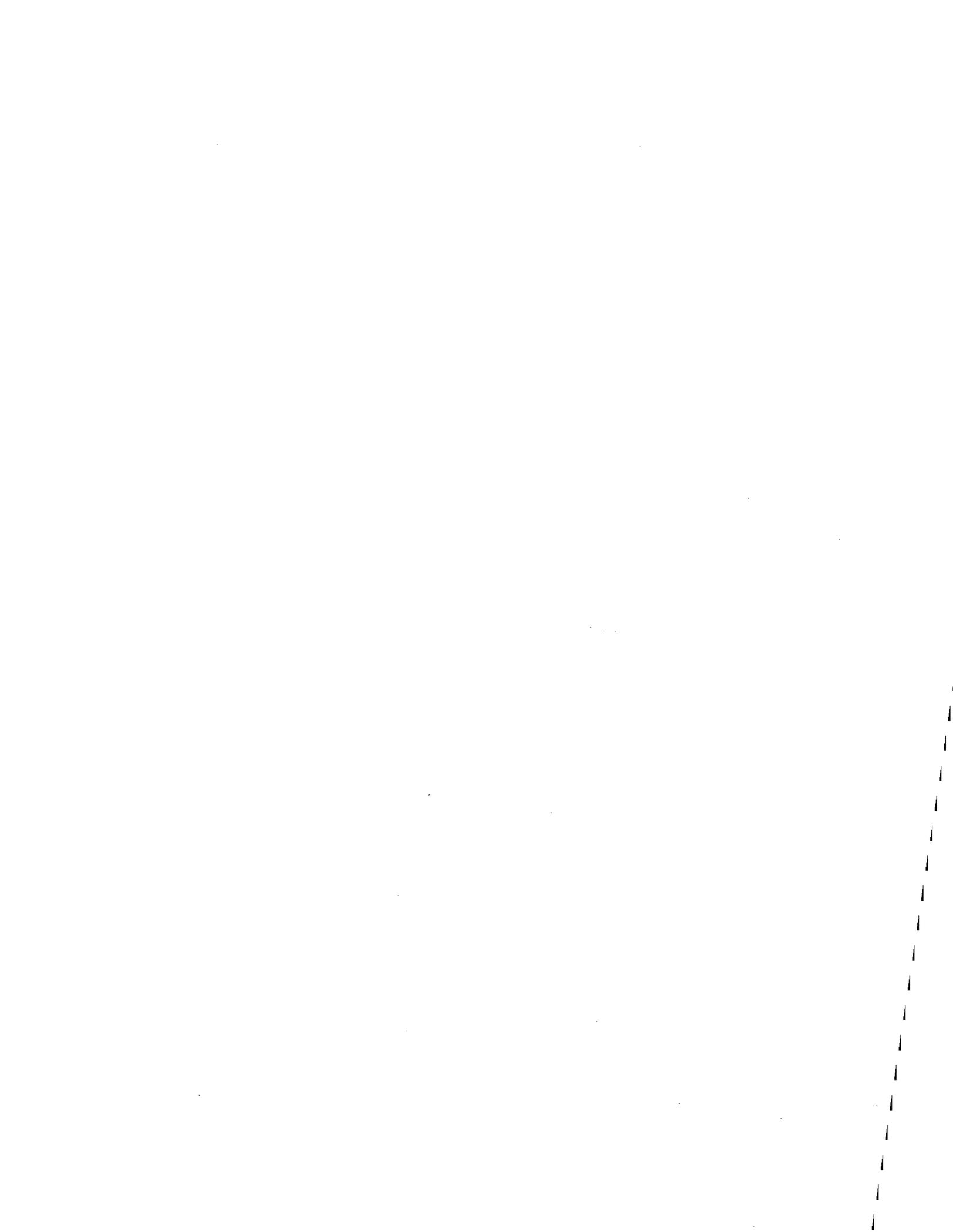
HOLMAN FRENIA ALLISON, P. C.



Kevin P. Frema
Certified Public Accountant
Registered Municipal Accountant
CR 435

Medford, New Jersey
June 30, 2013

BASIC FINANCIAL STATEMENTS



**TOWNSHIP OF ELK
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE – REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 1,636,960	\$ 1,335,082
Cash - Payroll		40,956	21,324
Change Fund	A	<u>150</u>	<u>150</u>
Total Regular Fund		<u>1,678,066</u>	<u>1,356,556</u>
Receivables & Other Assets:			
Delinquent Property Taxes Receivable	A-5	587,595	666,508
Tax Title Liens Receivable	A-6	548,510	496,667
Property Acquired for Taxes - Assessed Valuation	A	152,930	152,930
Revenue Accounts Receivable	A-10	30,053	11,335
Due from Tax Sale Fund			317
Due from Compensated Absence Trust			6
Due from Fire Prevention Trust			2
Due from Forfeited Funds Trust			17
Due from Federal & State Grant Fund			47,143
Due from Developers Escrow Trust			51
Due from Snow Removal Trust			41
Prepaid Regional High School Tax	A		<u>49,316</u>
Total Receivables & Other Assets		<u>1,319,088</u>	<u>1,424,333</u>
Deferred Charges:			
Emergency Authorization	A-15	<u>9,800</u>	
Total Deferred Charges		<u>9,800</u>	
Total Regular Funds		<u>3,006,954</u>	<u>2,780,889</u>
State & Federal Grants:			
Cash - Chief Financial Officer	A-4	1,610	1,603
Federal & State Grants Receivable	A-17	103,383	103,383
Expenditure without Appropriation			200,000
Due from Current Fund	A-16	<u>56,437</u>	
Total State & Federal Grants		<u>161,430</u>	<u>304,986</u>
Total		<u>\$ 3,168,384</u>	<u>\$ 3,085,875</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE -- REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2012</u>	<u>2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-11	\$ 170,543	\$ 186,821
Encumbrances Payable	A-3	2,985	10,879
Due State of New Jersey - Senior Citizen & Veterans Deductions	A-9	19,411	12,554
Prepaid Taxes	A-7	87,041	79,402
Tax Overpayments	A-8	7,889	23,608
Payroll Taxes Payable	A	40,956	20,846
Reserve for Street Openings	A	22,430	22,430
Reserve for Revaluation	A	23,902	23,902
Reserve for Codification of Ordinances & Preparation of Master Plan	A	9,983	9,983
Local District School Tax Payable	A-12	20,383	
Due County for Added & Omitted Taxes	A-13	38,754	16,681
Regional School District School Tax Payable	A-14	59,449	
Due Trust - Other	B	95,939	
Due Off-Duty Police Trust			147,126
Due Federal & State Grant Fund	A-16	56,437	
Due General Capital Fund	C	166,115	165,967
Due Public Defender Trust			67
Due Animal Control Trust			39
Total Liabilities		<u>822,217</u>	<u>720,305</u>
Reserves for Receivable & Other Assets	A	1,319,088	1,424,332
Fund Balance	A-1	<u>865,649</u>	<u>636,252</u>
Total Regular Fund		<u>3,006,954</u>	<u>2,780,889</u>
Federa & State Grants:			
Encumbrances Payable	A-18	9,970	9,970
Reserve for Grants:			
Appropriated	A-18	128,181	127,143
Unappropriated	A-19	23,279	120,730
Due to Current Fund			47,143
Total State & Federal Grants		<u>161,430</u>	<u>304,986</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 3,168,384</u>	<u>\$ 3,085,875</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 425,000	\$ 500,029
Miscellaneous Revenue Anticipated	1,024,165	850,085
Receipts from Delinquent Taxes	593,656	608,574
Receipts From Current Taxes	9,469,403	8,873,982
Nonbudget Revenue	227,029	153,685
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	141,563	187,747
Encumbrances Cancelled		3,351
Interfund Loans Returned	52,871	11,658
	<u>11,933,687</u>	<u>11,189,111</u>
Total Income		
Expenditures:		
Operations Within "CAPS"		
Salaries and Wages	1,472,100	1,373,900
Other Expenses	1,539,155	1,550,966
Deferred Charges & Statutory Expenditures Within "CAPS"	385,103	393,190
Budget Appropriations Excluded from "CAPS":		
Operations:		
Salaries and Wages		40,000
Other Expenses	7,488	42,620
Capital Improvements	201,000	1,000
Debt Service	274,211	259,288
County Taxes	2,258,726	2,285,352
Due County for Added & Omitted Taxes	38,754	16,681
Regional High School Tax	2,642,788	2,528,831
Local District School Tax	2,469,138	2,410,133
Interfund Loans Advanced	627	196
	<u>11,289,090</u>	<u>10,902,157</u>
Total Expenditures		
Excess/(Deficit) in Revenue	<u>644,597</u>	<u>286,954</u>
Adjustment to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year	9,800	
	<u>9,800</u>	
Statutory Excess to Surplus	654,397	286,954
Fund Balance January 1	<u>636,252</u>	<u>849,327</u>
Total	1,290,649	1,136,281
Decreased by: Utilization as Anticipated Revenue	<u>425,000</u>	<u>500,029</u>
Balance December 31	<u>\$ 865,649</u>	<u>\$ 636,252</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 425,000	\$ 425,000	
<hr/>			
Miscellaneous Revenue:			
Fines & Costs:			
Municipal Court	92,000	98,470	\$ 6,470
Interest & Costs on Taxes	94,000	116,025	22,025
Consolidated Municipal Property Tax Relief	28,538	28,538	
Energy Receipts Tax	333,777	333,777	
Uniform construction Code	45,000	54,413	9,413
Borough of Newfield - Court Reimbursement	31,000	43,475	12,475
Borough of Clayton - Court Reimbursement	90,000	67,500	(22,500)
New Jersey Transportation Trust Fund Authority	200,000	200,000	
Police Body Armor Grant	3,073	3,073	
Uniform Fire Safety Act	4,000	3,894	(106)
Off Duty Police Administrative Fee	75,000	75,000	
	<hr/>		
Total Miscellaneous Revenues	996,388	1,024,165	27,777
	<hr/>		
Receipts from Delinquent Taxes	600,000	593,656	(6,344)
	<hr/>		
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	2,577,118	2,789,057	211,939
	<hr/>		
Budget Totals	4,598,506	4,831,878	233,372
Nonbudget Revenues		227,029	227,029
	<hr/>		
Total	\$ 4,598,506	\$ 5,058,907	\$ 460,401
	<hr/>		

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 9,469,403
Allocated to School, County & Municipal Open Space Taxes	<u>7,409,406</u>
Balance for Support of Municipal Budget Appropriations	2,059,997
Increased by Appropriation - Reserve for Uncollected Taxes	<u>729,060</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 2,789,057</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	\$ 557,061
Tax Title Liens	<u>36,595</u>
Total	<u><u>\$ 593,656</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenues Not Anticipated:	
Revenue Accounts Receivable	
Interest on Investments	\$ 6,163
Fees & Permits	13,524
Cell Tower	41,437
Mobile Home Park	47,976
Cable Franchise	17,586
FEMA Reimbursements	61,087
Division of Motor Vehicles	5,395
SC & Vet Administration Fee	1,104
Other Misc	<u>32,757</u>
Total	<u><u>\$ 227,029</u></u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
General Government:					
General Administration:					
Salaries and Wages	\$ 34,500	\$ 34,500	\$ 33,154	\$ 1,346	
Other Expenses	2,050	2,050	1,789	261	
Equipment Maintenance	2,000	2,000	1,969	31	
Mayor and Committee:					
Salaries and Wages	2,400	2,400	2,302	98	
Other Expenses	3,700	3,700	2,815	885	
Municipal Clerk:					
Salaries and Wages	50,500	50,500	49,904	596	
Other Expenses	20,100	20,100	14,828	5,272	
Elections:					
Other Expenses	3,500	3,500	2,966	534	
Financial Administration:					
Salaries and Wages	41,800	41,800	41,392	408	
Other Expenses	24,425	22,425	15,597	6,828	
Auditing Services:					
Other Expenses	25,000	25,000	25,000		
Collection of Taxes:					
Salaries and Wages	28,600	26,600	25,647	953	
Other Expenses	6,300	6,300	3,765	2,535	
Liquidation of Tax Tile Liens & Foreclosed Property:					
Other Expenses	500	500		500	
Maintenance of Foreclosed Property:					
Other Expenses	500	500		500	
Revision of Tax Map	1,000	1,000		1,000	
Legal Services & Costs:					
Other Expenses	55,000	46,000	40,568	5,432	
Engineering Services:					
Other Expenses	17,000	17,000	13,241	3,759	
Economic Development:					
Other Expenses	500	500		500	
Land Use Administration:					
Planning Board:					
Salaries and Wages	27,100	27,100	26,284	816	
Other Expenses	12,750	16,250	14,993	1,257	
Zoning Office:					
Salaries and Wages	41,000	41,000	40,265	735	
Other Expenses	1,000	1,000	161	839	

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED OR CANCELED
Insurance:				
Liability Insurance	50,000	48,000	43,471	4,529
Workers Compensation	79,000	79,000	78,042	958
Group Insurance	389,640	389,640	383,453	6,187
Health Benefit Waiver	10,500	13,000	12,250	750
Public Safety Functions:				
Police:				
Salaries and Wages	1,020,000	1,049,900	1,049,826	74
Other Expenses	64,850	56,450	53,771	2,679
Office of Emergency Management:				
Salaries and Wages	2,900	2,900	2,353	547
Other Expenses	1,500	1,500	1,271	229
Aid to Volunteer Fire Companies:				
Other Expenses	68,500	68,500	67,012	1,488
First Aid Organizations - Contributions	4,165	4,165	4,165	
Uniform Fire Safety Act:				
Salaries and Wages	1,400	1,400	1,324	76
Other Expenses	2,150	2,150	2,124	26
Hepatitis Shots	200	200		200
OSHA:				
Fire:				
Other Expenses	15,000	15,000	10,000	5,000
Prosecutor:				
Other Expenses	14,000	14,000	14,000	
Public Works Functions:				
Road Repairs & Maintenance:				
Salaries and Wages	30,000	35,000	27,789	7,211
Other Expenses	27,900	22,900	9,611	13,289
Road Signs				
Other Expenses	2,000	2,000	1,566	434
Vehicle Maintenance:				
Other Expenses	52,400	52,400	45,973	6,427
Snow Removal				
Salaries and Wages	5,000	5,000	3,313	1,687
Other Expenses	4,000	4,000	3,908	92
Solid Waste Collection:				
Contractual	210,000	210,000	189,109	20,891
State Fees	500	500		500
Miscellaneous Other Expenses	500	500		500
Public Building & Grounds:				
Other Expenses	38,000	38,000	36,322	1,678

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - WITHIN "CAPS"	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Health & Human Services:					
Board of Health:					
Other Expenses	200	10,000	9,800	200	
Registrar of Statistics:					
Other Expenses	300	300	197	103	
Environmental Commission:					
Other Expenses	1,000	1,000	585	415	
Agriculture Board:					
Other Expenses	200	200		200	
Animal Control:					
Other Expenses	500	500		500	
Parks & Recreation:					
Recreation:					
Other Expenses	1,000	1,000	1,000		
Senior Center:					
Other Expenses	1,000	1,000	1,000		
Other Common Operating Functions:					
Accumulated Leave Compensation	1,000	1,000	1,000		
Solid Waste Disposal Costs:					
Gloucester County Improvement Authority:					
Landfill Tipping Fees	148,000	139,000	123,666	15,334	
Utility Expenses & Bulk Purchases:					
Electricity	46,000	46,000	44,110	1,890	
Street Lighting	7,000	7,000	5,824	1,176	
Telephone	19,000	19,000	16,318	2,682	
Gas (Natural/Propane)	15,000	15,000	8,362	6,638	
Gasoline/Diesel	70,000	70,000	63,970	6,030	
Uniform Construction Code:					
Construction Official:					
Salaries & Wages	42,500	42,500	40,960	1,540	
Other Expenses	8,600	8,600	2,443	6,157	
Municipal Court:					
Municipal Court:					
Salaries and Wages	116,000	111,500	106,450	5,050	
Other Expenses	23,825	25,825	23,388	2,437	
Public Defender:					
Other Expenses	4,000	4,000	3,825	175	

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	BUDGET	AFTER MODIFICATION	PAID OR CHARGED	RESERVED CANCELED
OPERATIONS - WITHIN "CAPS"				
Total Operation Within "CAPS"	3,000,455	3,011,255	2,850,191	161,064
Contingent	1,000			
Total Operations Including Contingent - Within "CAPS"	<u>3,001,455</u>	<u>3,011,255</u>	<u>2,850,191</u>	<u>161,064</u>
Detail:				
Salaries and Wages	1,443,700	1,472,100	1,450,963	21,137
Other Expenses (Including Contingent)	<u>1,557,755</u>	<u>1,539,155</u>	<u>1,399,228</u>	<u>139,927</u>
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":				
Statutory Expenditures:				
Contributions to:				
Public Employees' Retirement System	65,647	65,647	65,647	
Social Security System (O.A.S.I.)	112,000	112,000	110,356	1,644
Police & firemen's Retirement System	195,456	195,456	195,456	
Unemployment Compensation Insurance	<u>12,000</u>	<u>12,000</u>	<u>4,165</u>	<u>7,835</u>
Total Deferred Charges & Statutory Expenditures Within "CAPS"	<u>385,103</u>	<u>385,103</u>	<u>375,624</u>	<u>9,479</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>3,386,558</u>	<u>3,396,358</u>	<u>3,225,815</u>	<u>170,543</u>
Operations Excluded From "CAPS":				
Insurance:				
Group Insurance Plan for Employees	1,360	1,360	1,360	
Shared Service Agreements:				
Municipal Alliance Program - Interlocal Service Agreement - Municipal Share	3,055	3,055	3,055	
Public & Private Programs Offset by Revenues:				
Body Armor Grant	<u>1,522</u>	<u>3,073</u>	<u>3,073</u>	
Total Operations Excluded From "CAPS"	<u>5,937</u>	<u>7,488</u>	<u>7,488</u>	
Detail:				
Other Expenses	<u>5,937</u>	<u>7,488</u>	<u>7,488</u>	

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENT OF EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		
OPERATIONS - WITHIN "CAPS"	BUDGET	AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Capital Improvements Excluded From "CAPS":					
Capital Improvement Fund	1,000	1,000	1,000		
NJ Transportation Trust Fund Authority	200,000	200,000	200,000		
Total Capital Improvements	201,000	201,000	201,000		
Municipal Debt Service - Excluded From "CAPS":					
Payment of Bond Principal	125,000	125,000	125,000		
Payment of Bond Anticipation Notes	60,000	60,000	60,000		
Interest on Bonds	61,300	61,300	61,250		50
Interest on Notes	17,900	17,900	17,761		139
Capital Lease Program Obligations:					
Approved Prior to 07/01/2007					
Principal	7,450	7,450	7,450		
Interest	2,750	2,750	2,750		
Total Municipal Debt Service Excluded From "CAPS"	274,400	274,400	274,211		189
Total General Appropriations Excluded from "CAPS"	481,337	482,888	482,699		189
Subtotal General Appropriations	3,867,895	3,879,246	3,708,514	170,543	189
Reserve For Uncollected Taxes	729,060	729,060	729,060		
Total General Appropriations	<u>\$ 4,596,955</u>	<u>\$ 4,608,306</u>	<u>\$ 4,437,574</u>	<u>\$ 170,543</u>	<u>\$ 189</u>
Original Appropriations		\$ 4,596,955			
Added per Budget Emergency		9,800			
Added per N.J.S.A.40A:4-87		1,551			
Total		<u>\$ 4,608,306</u>			
Reserve for Uncollected Taxes			\$ 729,060		
Deferred Charges			200,000		
Reserve for Federal & State Grants Appropriated			3,073		
Budget Refunds			(36,620)		
Encumbrances			2,985		
Disbursed			3,539,076		
Total			<u>\$ 4,437,574</u>		

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Animal Control Fund:			
Cash	B-1	\$ 1,667	\$ 4,600
Due Current Fund	B-4		39
Total Animal Control Fund		<u>1,667</u>	<u>4,639</u>
Municipal Open Space Trust Fund:			
Cash	B-1	<u>192,432</u>	<u>191,633</u>
Total Municipal Open Space		<u>192,432</u>	<u>191,633</u>
Trust Other Funds:			
Cash	B-1	352,532	399,256
Due From Current Fund	B-7	<u>95,939</u>	<u>146,759</u>
Total Other Funds		<u>448,471</u>	<u>546,015</u>
Total Assets		<u>\$ 642,570</u>	<u>\$ 742,287</u>
LIABILITIES, RESERVES & FUND BALANCE			
Animal Control Fund:			
Due to State of New Jersey	B-3	\$ 1	
Reserve for Animal Control Expenditures	B-2	<u>1,666</u>	<u>\$ 4,639</u>
Total Animal Control Fund		<u>1,667</u>	<u>4,639</u>
Municipal Open Space Trust Fund:			
Reserve for Municipal Open Space	B-5	<u>192,432</u>	<u>191,633</u>
Total Municipal Open Space		<u>192,432</u>	<u>191,633</u>
Other Funds:			
Tax Title Liens	B-8	8,636	48,651
Tax Sale Premiums	B-9	40,200	13,000
Various Other Reserves	B-6	<u>399,635</u>	<u>484,364</u>
Total Other Funds		<u>448,471</u>	<u>546,015</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 642,570</u>	<u>\$ 742,287</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE – REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Cash - Chief Financial Officer	C-2	\$ 146,767	\$ 326,890
Due from Current Fund	A	166,115	165,966
Deferred Charges to Future Taxation:			
Funded	C-3	1,325,000	1,450,000
Unfunded	C-5	1,360,750	1,420,750
Amount to be Provided by Lease Payments	C	34,955	42,405
 Total Assets		<u>\$ 3,033,587</u>	<u>\$ 3,406,011</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Bonds Payable	C-9	\$ 1,325,000	\$ 1,450,000
Bond Anticipation Notes Payable	C-10	1,026,000	1,086,000
Improvement Authorizations:			
Funded	C-7	4,901	4,901
Unfunded	C-7	474,582	655,556
Capital Improvement Fund	C-6	134,564	133,564
Reserve for Purchase of Fire Equipment	C	1,887	1,887
Reserve for Installation of Traffic Signals	C	12,000	12,000
Reserve for Improvements to Municipal Roads	C	19,197	19,197
Obligations Under Capital Leases	C-8	34,955	42,405
Fund Balance	C-1	501	501
 Total Liabilities, Reserve & Fund Balance		<u>\$ 3,033,587</u>	<u>\$ 3,406,011</u>

There were Bonds & Notes Authorized but not Issued on December 31, 2012 and 2011 of \$334,750 .

The accompanying Notes to the Financial Statements are an integral part of this Statement.

**TOWNSHIP OF ELK
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Buildings	\$ 674,500	\$ 607,475
Machinery & Equipment	267,188	142,871
Vehicles	<u>1,183,932</u>	<u>1,247,776</u>
Total	<u>\$ 2,125,620</u>	<u>\$ 1,998,122</u>
FUND BALANCE		
Investment in Fixed Capital	<u>\$ 2,125,620</u>	<u>\$ 1,998,122</u>

The accompanying Notes to the Financial Statements are an integral part of this Statement.



**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**



TOWNSHIP OF ELK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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 GAAP.

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

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

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

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 (continued):
YEAR ENDED DECEMBER 31, 2012**

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

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

C. Basis of Accounting (Continued)

the 11th day of the 11th 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,

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 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31", 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.

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with N.J.A.S.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.

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.

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.

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2012**

Note 1. Summary of Significant Accounting Policies (continued):

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.

E. Budgets

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*. 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*.

F. Subsequent Events

The Township of Elk has evaluated subsequent events occurring after December 31, 2012 through the date of June 30, 2013, which is the date the financial statements were available to be issued.

Note 2. Fund Balance Appropriated

Of the \$865,649 of available fund Balance at December 31, 2012, \$423,064 has been anticipated as revenue in the 2013 municipal budget.

Note 3. Cash and Cash Equivalent and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2012, and reported at fair value are as follows:

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2012**

Note 3. Cash and Cash Equivalents and Investments (continued):

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$2,373,074</u>
Total Deposits	<u>\$2,373,074</u>

Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:

Current	\$1,678,066
State & Federal Grant	1,610
Dog Trust	1,667
Open Space Trust	192,432
Other Trust	352,532
General Capital	<u>146,767</u>
Total Reconciliation	<u>\$2,373,074</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$2,309,732 at December 31, 2012. Of the bank balance \$2,309,732 was fully insured by the FDIC (Federal Depository Insurance Corporation) and \$250,000 was secured by a collateral pool held by the bank, but not in the Township’s name, as required by New Jersey’s Governmental Unit Deposit Protection Act (GUDPA). The Governmental Unit Deposit Protection Act is more fully described in Note 4 of these financial statements.

Investment Interest Rate Risk – The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at December 31, 2012, are provided in the above schedule.

Investment Credit Risk – The Township has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 3. Cash and Cash Equivalents and Investments (continued):

- Bonds or other obligations of the Township or bonds or other obligations of the local unit or units within which the Township is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Township;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

Concentration of Investment Credit Risk – The Township places no limit on the amount it may invest in any one issuer.

Note 4. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2012 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

TOWNSHIP OF ELK

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 5. Pension

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/>.

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 5. Pension (continued):

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.

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 firefighters 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. provide for employee contributions of 5.5% of employees' annual compensation, 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 P.E.R.S. and P.F.R.S. rates in effect for 2012 are 8.95% and 25.88% of covered payroll, respectively as reported on June 30, 2012. 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, 2012, 2011 and 2010 were \$65,647, \$62,269 and \$52,045 respectively, equal to the required contributions for each year. The Township's contributions to P.F.R.S. for the years ending December 31, 2012, 2011 and 2010 were \$195,456, \$203,913 and \$160,513 respectively, equal to the required contributions for each year.

Note 6. Other Post Retirement Benefits – GASB 45

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

TOWNSHIP OF ELK

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

Note 6. Other Post Retirement Benefits – GASB 45 (continued)

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 SHBP. 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 SHBP. 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.

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 SHBP for the years ended December 31, 2012, 2011 and 2010, were \$117,787, \$111,999 and \$99,422, respectively, which equaled the required contributions for each year. There were approximately 8, 8 and 8 retired participants eligible at December 31, 2012, 2011 and 2010, respectively.

Note 7: 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 (VALIC) and the Security Benefits Company.

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 8. General Long-Term Debt

During the calendar year 2012, the following changes occurred in the municipal debt of the Township:

	Balance Dec. 31, 2011	Issued Authorized	Retired Reduction	Balance Dec. 31, 2012
ISSUED:				
General Capital Fund:				
Bonds	\$1,450,000		\$ 125,000	\$1,325,000
Bond Anticipation Notes	<u>1,086,000</u>	<u>\$1,026,000</u>	<u>1,086,000</u>	<u>1,026,000</u>
Net Debt Issued	<u>\$2,536,000</u>	<u>\$1,026,000</u>	<u>\$1,211,000</u>	<u>\$2,351,000</u>

AUTHORIZED BUT NOT ISSUED:

Bonds & Notes				
Authorized but not Issued	\$ 334,750	\$ -	\$ -	\$ 334,750
Total Debt Issued & Authorized but Not Issued	<u>\$2,870,750</u>	<u>\$1,026,000</u>	<u>\$1,211,000</u>	<u>\$2,685,750</u>

Permanently funded debt as of December 31, 2012, consisted of the following:

\$2,120,000 General Improvement Bonds dated 9/1/05 payable in annual installments through 9/1/20. Interest is paid semiannually at rates of 4.125% to 4.25% per annum. The balance remaining at December 31, 2012 was \$1,325,000.

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

Year Ending December 31,	Principal	Interest	Total
General Serial Bonds:			
2013	\$ 125,000	\$ 56,094	\$ 181,094
2014	125,000	50,938	175,938
2015	150,000	45,688	195,688
2016	150,000	39,313	189,313
2017	155,000	32,938	187,938
2018-2020	<u>620,000</u>	<u>53,125</u>	<u>673,125</u>
Total	<u>\$1,325,000</u>	<u>\$278,094</u>	<u>\$1,603,094</u>

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 8. General Long-Term Debt (continued)

A. Notes Payable

The Township had a Bond Anticipation note outstanding as of December 31, 2012 in the amount of \$1,026,000 for various capital improvements that will mature on June 13, 2013 at an interest rate of 1.19%,

Note 9. District School Taxes

Regulations provided 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.

The Township has elected to defer as follows:

	Balance December	
	2012	2011
Local School Taxes:		
Balance of Tax	\$ 1,182,555	\$1,162,172
Deferred	<u>1,162,172</u>	<u>1,162,172</u>
Taxes Payable	<u>\$ 20,383</u>	<u>\$ -</u>

Note 10. Property Taxes

Property taxes are an enforceable lien on the assessed property. Taxes are due on a quarterly basis on February 1, May 1, August 1 and November 1. All unpaid taxes become delinquent 10 days after the above due dates. The Township bills and collects its own property taxes as well as the taxes levied by the other taxing bodies within the municipality. Property tax revenues are recognized when collected. A reserve for uncollected taxes is established in the current operating budget to the extent that their collectability is improbable.

Note 11: 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.

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 11: Accumulated Absence Benefits (continued)

The total value of compensated absences owed to employees as of December 31, 2012 was \$99,651. The Township has established a trust to fund a reserve for accumulated absences. As of December 31, 2012, the fund had a reserve balance of \$10,117.

Note 12. Litigation

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

Note 13. Interfunds

The following Interfunds existed as of December 31, 2012:

Fund	Interfund Receivable	Interfund Payable
Current Fund		\$318,491
Grant Fund	\$ 56,437	
Capital	166,115	
Trust Other	<u>95,939</u>	<u> </u>
Total	<u>\$318,491</u>	<u>\$318,491</u>

The purpose of the interfunds is for short-term loans.

Note 14: Economic Dependency

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

TOWNSHIP OF ELK

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 15: 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 2012.

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
2012	\$10,135	None	\$20,047	\$12,313
2011	3,964	5,790	12,071	22,225
2010	None	None	13,428	24,410

SUPPLEMENTARY EXHIBITS



CURRENT FUND

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>CURRENT FUND</u>	<u>STATE AND FEDERAL GRANT FUND</u>
Balance December 31, 2011	\$ 1,335,082	\$ 1,603
Receipts:		
Taxes Receivable	\$ 9,901,466	
Tax Title Lien Receivable	36,595	
Prepaid Taxes	79,269	
Revenue Accounts Receivable	746,092	
Miscellaneous Revenue Not Anticipated	227,029	
Due From State of New Jersey - Senior Citizen & Veterans Deductions	55,225	
Due Grant Fund	105,623	
Interfund - Payroll Fund	5,000	
Budget Refunds	54,629	
Interest Earnings		\$ 7
Due Off-Duty Police Fund	144,123	
	<u>11,355,051</u>	<u>7</u>
Total	11,355,051	7
Subtotal	<u>12,690,133</u>	<u>1,610</u>
Disbursements:		
2012 Budget Appropriations	3,539,076	
2011 Appropriation Reserves	63,267	
Encumbrances Payable	10,879	
Local District School Taxes	2,448,755	
Regional High School Tax	2,583,339	
County Taxes	2,275,407	
Tax Overpayments	10,719	
Due Grant Fund	2,035	
Due Off-Duty Police Fund	119,696	
	<u>11,053,173</u>	
Total Disbursements	11,053,173	
Balance December 31, 2012	<u>\$ 1,636,960</u>	<u>\$ 1,610</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEARS ENDED DECEMBER 31, 2012**

YEAR	BALANCE DECEMBER 31, 2011	2012 LEVY	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2012
			2011	2012				
1988	\$ 1,809							\$ 1,809
1989	115							115
1990	1,925							1,925
1992	1,001							1,001
1994	5,812							5,812
1995	1,937							1,937
1996	8,343							8,343
1997	11,558							11,558
1998	4,924							4,924
1999	3,305							3,305
2000	8,265							8,265
2001	9,725							9,725
2002	4,837							4,837
2003	7,046							7,046
2004	378							378
2006	3,424							3,424
2007	3							3
2008	643							643
2009	4,330							4,330
2010	13,932			\$ 6				13,926
2011	573,196			560,372	\$ (3,317)	\$ 7,729	\$ 4,213	4,199
Total	666,508			560,378	(3,317)	7,729	4,213	97,505
2012		\$ 10,117,440	\$ 79,402	9,338,316	51,685	74,676	83,271	490,090
Total	\$ 666,508	\$ 10,117,440	\$ 79,402	\$ 9,898,694	\$ 48,368	\$ 82,405	\$ 87,484	\$ 587,595

Cash Receipts	\$ 9,901,466
Overpayments (Net)	<u>(2,772)</u>
Total	<u>\$ 9,898,694</u>

ANALYSIS OF 2012 PROPERTY TAX LEVY

General Purpose Tax	\$ 9,950,964
Added & Omitted Taxes (54:4-6 et seq)	<u>166,476</u>
Total	<u>\$ 10,117,440</u>
TAX LEVY:	
Local District School Tax	\$ 2,469,138
Regional District School Tax	2,642,788
General County Tax	1,945,802
County Library Tax	159,776
County Open Space	153,148
Due County for Added & Omitted Taxes	38,754
Local Tax for Municipal Purposes	\$ 2,577,118
Add: Additional Taxes Levied	<u>130,916</u> <u>2,708,034</u>
Total	<u>\$ 10,117,440</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 496,667
Increased by:		
Transfers from Taxes Receivable	\$ 87,484	
Interest & Cost on Tax Sale Certificates	954	88,438
		<hr/>
Subtotal		585,105
Decreased by:		
Collections		36,595
		<hr/>
Balance December 31, 2012		<u><u>\$ 548,510</u></u>

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 79,401
Increased by:		
Collections - 2013 Taxes	\$ 79,269	
Overpayments Applied - 2013 Taxes	7,772	87,041
		<hr/>
Subtotal		166,442
Decreased by:		
Application to 2012 Taxes Receivable		79,401
		<hr/>
Balance December 31, 2012		<u><u>\$ 87,041</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 23,608
Increased by:		
Overpayments Created		<u>18,413</u>
Subtotal		42,021
Decreased by:		
Overpayments Applied to 2012 Taxes	\$ 15,641	
Overpayment Applied to 2013 Taxes	7,772	
Disbursement Refunds	<u>10,719</u>	<u>34,132</u>
Balance December 31, 2012		<u><u>\$ 7,889</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZEN AND VETERANS DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	12,554
Increased by:			
Receipts			<u>55,225</u>
Subtotal			67,779
Decreased by:			
2012 Deductions Per Tax Duplicate	\$	57,500	
2012 Deductions Disallowed by Collector		(5,815)	
Prior Year's Deductions Disallowed by Collector		<u>(3,317)</u>	48,368
Balance December 31, 2012		\$	<u><u>19,411</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	ACCRUED	COLLECTED	BALANCE DECEMBER 31, 2012
Miscellaneous Revenues Anticipated:				
Fines & Costs:				
Municipal Court	\$ 7,697	\$ 98,326	\$ 98,470	\$ 7,553
Interest & Costs on Taxes		116,025	116,025	
Consolidated Municipal Property Tax Relief		28,538	28,538	
Energy Receipts Tax		333,777	333,777	
Uniform construction Code	3,623	50,790	54,413	
Borough of Newfield - Court Reimbursement		43,475	43,475	
Borough of Clayton - Court Reimbursement		90,000	67,500	22,500
Uniform Fire Safety Act		3,894	3,894	
Misc - Other	15	(15)		
Total	\$ 11,335	\$ 764,810	\$ 746,092	\$ 30,053

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

ACCOUNT	BALANCE DECEMBER 31 2011	RESERVE FOR ENCUMBRANCES	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
General Government:					
General Administration:					
Salaries and Wages	\$ 9		\$ 9		\$ 9
Other Expenses	952		952	238	714
Equipment Maintenance	1,929		1,929	54	1,875
Mayor and Committee:					
Salaries and Wages	40		40		40
Other Expenses	1,934		1,934		1,934
Municipal Clerk:					
Salaries and Wages	9		9		9
Other Expenses	9,043	\$ 399	9,442	575	8,867
Elections:					
Other Expenses	826		826		826
Financial Administration:					
Salaries and Wages	14		14		14
Other Expenses	2,482		2,482	248	2,234
Auditing Services:					
Other Expenses	2,200		2,200		2,200
Collection of Taxes;					
Salaries and Wages	615		615		615
Other Expenses	1,385		1,385	(198)	1,583
Liquidation of Tax Title Liens & Foreclosed Property:					
Other Expenses	500		500		500
Maintenance of Foreclosed Property:					
Other Expenses	500		500		500
Assessment of Taxes					
Other Expenses:					
Revision of Tax Map	\$1,000		1,000		1,000
Legal Services & Costs:					
Other Expenses	5,171	470	6,141	6,006	135
Engineering Services:					
Other Expenses	3,484		2,984	682	2,302
Economic Development:					
Other Expenses	500		500		500
Land Use Administration:					
Planning Board:					
Salaries and Wages	292		292		292
Other Expenses	10,151	268	10,419	1,344	9,075
Zoning Office:					
Salaries and Wages	408		408		408
Other Expenses	772		772		772

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

ACCOUNT	BALANCE DECEMBER 31 2011	RESERVE FOR ENCUMBRANCES	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Insurance:					
Liability Insurance	5,655		5,655		5,655
Workers Compensation	797		797		797
Group Insurance	52		52	(1,680)	1,732
Public Safety Functions:					
Police:					
Salaries and Wages	963		963		963
Other Expenses	5,634	1,043	6,677	3,722	2,955
Office of Emergency Management:					
Salaries and Wages	16		16		16
Other Expenses	65		65		65
Aid to Volunteer Fire Companies:					
Other Expenses	1,340		1,340		1,340
First Aid Organizations - Contributions	215		215		215
Uniform Fire Safety Act:					
Salaries and Wages	15		15		15
Other Expenses	1,500		1,500	1,213	287
Hepatitis Shots	200		200		200
OSHA:					
Fire:					
Other Expenses	1,032		1,032		1,032
Public Works Functions:					
Road Repairs & Maintenance:					
Salaries and Wages	2,778		2,778		2,778
Other Expenses	7,933	723	8,656	(690)	9,346
Road Signs					
Other Expenses	162		162		162
Vehicle Maintenance:					
Other Expenses	12,705	4,500	17,205	8,578	8,627
Snow Removal					
Salaries and Wages	4,258		4,258		4,258
Other Expenses	1,038		1,038		1,038
Solid Waste Collection:					
Contractual	26,367		26,367	17,054	9,313
State Fees	500		500		500
Miscellaneous Other Expenses	500		500		500
Public Building & Grounds:					
Other Expenses	2,664	300	2,964	1,343	1,621
Health & Human Services:					
Board of Health:					
Other Expenses	200		200		200
Registrar of Statistics:					
Other Expenses	78		78	37	41
Environmental Commission:					
Other Expenses	220		220		220
Agriculture Board:					
Other Expenses	200		200		200
Animal Control:					
Other Expenses	500		500		500

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

ACCOUNT	BALANCE DECEMBER 31, 2011	RESERVE FOR ENCUMBRANCES	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Solid Waste Disposal Costs:					
Gloucester County Improvement Authority:					
Landfill Tipping Fees	16,049		16,049	10,939	5,110
Utility Expenses & Bulk Purchases:					
Electricity	4,781		4,781	3,398	1,383
Street Lighting	1,417		1,417	445	972
Telephone	1,328	1,137	2,465	1,137	1,328
Gas (Natural/Propane)	4,748	451	5,199	1,485	3,714
Gasoline/Diesel	4,023		4,023	81	3,942
Uniform Construction Code:					
Construction Official:					
Salaries & Wages	1,962		1,962		1,962
Other Expenses	2,645		2,645	469	2,176
Municipal Court:					
Municipal Court:					
Salaries and Wages	44		44	(11,442)	11,486
Other Expenses	7,588	1,588	9,176	1,938	7,238
Public Defender:					
Salary & Wages	82		82		82
Other Expenses	2,817		2,817		2,817
Contingent	1,000		1,000		1,000
Deferred Charges/Statutory Expenditures:					
Public Employees' Retirement Syst	1		1		1
Social Security System (O.A.S.I.)	6,490		6,490	(875)	7,365
Police & firemen's Retirement Syst	7		7		7
Unemployment Compensation Insu	10,036		10,036	10,036	
 Total General Appropriations	 \$ 186,821	 \$ 10,879	 \$ 197,700	 \$ 56,137	 \$ 141,563

Budget Refunds	\$ (18,009)
Disbursed	74,146
 Total	 \$ 56,137

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:		
School Taxes Deferred		\$ 1,162,172
Increased by:		
School Year Levy July 1, 2012 to June 30, 2013		<u>2,469,138</u>
Subtotal		3,631,310
Decreased by:		
Payments		<u>2,448,755</u>
Balance December 31, 2012:		
School Taxes Payable	\$ 20,383	
School Taxes Deferred	<u>1,162,172</u>	<u>1,182,555</u>
2012 Liability for Local School Tax:		
Tax Paid		2,448,755
Taxes Payable December 31, 2012		<u>20,383</u>
Subtotal		2,469,138
Less: Taxes Payable December 31, 2011		<u> </u>
Amount Charged to 2012 Operations		<u><u>\$ 2,469,138</u></u>

**SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 16,681
2012 Tax Levy:		
County Tax	\$ 1,945,802	
County Open Space	153,148	
County Library Tax	159,776	
Added & Omitted Taxes (R.S.54:4-63.1 et seq.)	<u>38,754</u>	<u>2,297,480</u>
Subtotal		2,314,161
Decreased by:		
Payments		<u>2,275,407</u>
Balance December 31, 2012		<u><u>\$ 38,754</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:		
School Taxes Payable	\$	-
Increased by:		
Calendar Year Levy - 2012		<u>2,642,788</u>
Subtotal		2,642,788
Decreased by:		
Payments		<u>2,583,339</u>
Balance December 31, 2012:	\$	<u><u>59,449</u></u>
2012 Liability for Regional School Tax:		
Tax Paid	2,583,339	
Taxes Payable December 31, 2012		<u>59,449</u>
Subtotal		2,642,788
Less: Taxes Payable December 31, 2011		<u> </u>
Amount Charged to 2012 Operations	\$	<u><u>2,642,788</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES -
EMERGENCY AUTHORIZATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

DATE AUTHORIZED	PURPOSE	AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2011	AUTHORIZED IN 2012	BALANCE DECEMBER 31, 2012
08/21/2012	Unsafe Conditions	\$ 9,800	\$ -	\$ 9,800	\$ 9,800
	Total		<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ 9,800</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 47,143
Increased by:		
Cash Disbursements	\$ 2,035	
Interest Earnings	8	2,043
		<hr/>
Subtotal		49,186
Decreased by:		
Cash Receipts		<hr/>
		105,623
Balance December 31, 2012		<hr/> <hr/>
		\$ (56,437)

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	2012 BUDGET REVENUE REALIZED	RECEIVED	TRANSFER FROM GRANTS UNAPPROPRIATED	BALANCE DECEMBER 31, 2012
State Grants:					
Recreational Trails Program	\$ 25,000				\$ 25,000
Transportation Trust Fund	78,383	\$ 200,000	\$ 88,155	\$ 111,845	78,383
Body Armor Fund		3,073	1,551	1,522	
Total	<u>\$ 103,383</u>	<u>\$ 203,073</u>	<u>\$ 89,706</u>	<u>\$ 113,367</u>	<u>\$ 103,383</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	PRIOR YEAR ENCUMBERED	APPROPRIATED	EXPENDED	ENCUMBERED	BALANCE DECEMBER 31, 2012
State Grants:						
Alcohol Education Rehabilitation Fund	\$ 2,204					\$ 2,204
Recreation Trails Program		\$ 9,970			\$ 9,970	-
Clean Communities Fund	28,278			\$ 2,035		26,243
Drunk Driving Enforcement Fund	4,487					4,487
Body Armor Grant	1,998		\$ 3,073			5,071
Stormwater Regulation Program	6,250					6,250
Recycling Grant	11,571					11,571
Transportation Trust Fund	46,235					46,235
Click it or Ticket	3,400					3,400
Community Development Block Grant Fund	22,720					22,720
Total	\$ 127,143	\$ 9,970	\$ 3,073	\$ 2,035	\$ 9,970	\$ 128,181
Original Budget			\$ 1,522			
Chapter 159's			<u>1,551</u>			
Total			<u>\$ 3,073</u>			

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF STATE AND FEDERAL GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	RECEIVED	TRANSFERRED TO APPROPRIATED RESERVES	BALANCE DECEMBER 31, 2012
State Grants:				
Transportation Trust	\$ 111,845		\$ 111,845	
Alcohol Education & Rehabilitation	917	\$ 162		\$ 1,079
Body Armor Grant	1,522		1,522	
Recycling Tonnage Grant	6,445			6,445
Solid Waste Grant		7,159		7,159
Clean Communities Grant		8,596		8,596
	<hr/>			
Total	\$ 120,729	\$ 15,917	\$ 113,367	\$ 23,279
	<hr/>			

TRUST FUND

TOWNSHIP OF ELK
TRUST FUND
SCHEDULE OF TRUST CASH
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANIMAL CONTROL	MUNICIPAL OPEN SPACE	OTHER
Balance December 31, 2011	\$ 4,600	\$ 191,633	\$ 399,256
Increased by Receipts:			
Due to State	\$ 1,514		
Animal Control Fees Collected	5,311		
Reserve for Municipal Open Space		\$ 799	
Various Reserves			\$ 246,135
Due Current Fund	53		120,601
Tax Title Liens			267,139
Tax Premiums			42,700
Total Receipts	<u>6,878</u>	<u>799</u>	<u>676,575</u>
Subtotal	<u>11,478</u>	<u>192,432</u>	<u>1,075,831</u>
Decreased by Disbursements:			
Due to State	1,513		
Expenditures Under R.S. 4:19-15	8,284		
Various Reserves			255,864
Due Current Fund	14		144,781
Tax Title Liens			307,154
Tax Premiums			15,500
Total Disbursements	<u>9,811</u>	<u></u>	<u>723,299</u>
Balance December 31, 2012	<u>\$ 1,667</u>	<u>\$ 192,432</u>	<u>\$ 352,532</u>

**TOWNSHIP OF ELK
TRUST - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE (DEFICIT) FOR ANIMAL CONTROL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	4,639
Increased by:		
Municipal Share of Dog License Fees		5,311
Subtotal		9,950
Decreased by:		
Expenditures Under R.S.4:19-15.11 - Cash		8,284
Balance December 31, 2012	\$	1,666

LICENSE FEES COLLECTED

YEAR	AMOUNT
2010	\$ 5,508
2011	3,189
TOTAL	\$ 8,697

EXHIBIT B-3

**TOWNSHIP OF ELK
TRUST - ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ -
Increased by:	
Cash Receipts	<u>1,514</u>
Subtotal	1,514
Decreased by:	
Cash Disbursements	<u>1,513</u>
Balance December 31, 2012	<u><u>\$ 1</u></u>

EXHIBIT B-4

**SCHEDULE OF DUE TO (FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ (39)
Increased by:	
Interfund Liquidated	\$ 39
Interest Earned	<u>14</u> 53
Subtotal	14
Decreased by:	
Cash Disbursements	<u>14</u>
Balance December 31, 2012	<u><u>\$ -</u></u>

**TOWNSHIP OF ELK
TRUST - MUNICIPAL OPEN SPACE
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	191,633
Increased by:		
Interest Earnings		<u>799</u>
Balance December 31, 2012	\$	<u><u>192,432</u></u>

**TOWNSHIP OF ELK
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BUDGETED REVENUE	BALANCE DECEMBER 31, 2012
Reserve For:					
Unemployment	\$ 22,225	\$ 10,135	\$ 20,047		\$ 12,313
Forfeited Funds	-				-
Accumulated Absences	14,117	1,000	5,000		10,117
Public Defender	4,688	4,525	4,000		5,213
Developers Escrow	186,164	62,569	106,954		141,779
Fire Prevention	8,771	1,652			10,423
Recreation Trust	1,055				1,055
Off-Duty Police	147,126	144,123	119,696	\$ (75,000)	96,553
Affordable Housing	89,918	16,131	167		105,882
Uniform Fire Safety Penalty Mor	300				300
Snow Removal	10,000	6,000			16,000
Total	<u>\$ 484,364</u>	<u>\$ 246,135</u>	<u>\$ 255,864</u>	<u>\$ (75,000)</u>	<u>\$ 399,635</u>

**SCHEDULE OF DUE TO/(FROM) CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	CASH RECEIPTS	CASH DISBURSEMENTS	BUDGETED REVENUE	BALANCE DECEMBER 31, 2012
Reserve For:					
Unemployment	\$ -				\$ -
Forfeited Funds	17				17
Accumulated Absences	6	\$ 59	\$ 65		-
Public Defender	(67)	19	21		(69)
Developers Escrow	51	596	521		126
Fire Prevention	-	46	46		-
Recreation Trust	-	5	5		-
Off-Duty Police	(147,126)	119,696	144,123	\$ 75,000	(96,553)
Affordable Housing	-				-
Uniform Fire Safety Penalty Mor	3	1			4
Snow Removal	41	42			83
Tax Sale Fund	316	137			453
Total	<u>\$ (146,759)</u>	<u>\$ 120,601</u>	<u>\$ 144,781</u>	<u>\$ 75,000</u>	<u>\$ (95,939)</u>

EXHIBIT B-8

**TOWNSHIP OF ELK
TRUST FUND - OTHER
SCHEDULE OF RESERVE FOR REDEMPTION OF LIENS
FOR THE YEAR ENDED DECEMBER 31, 2012**

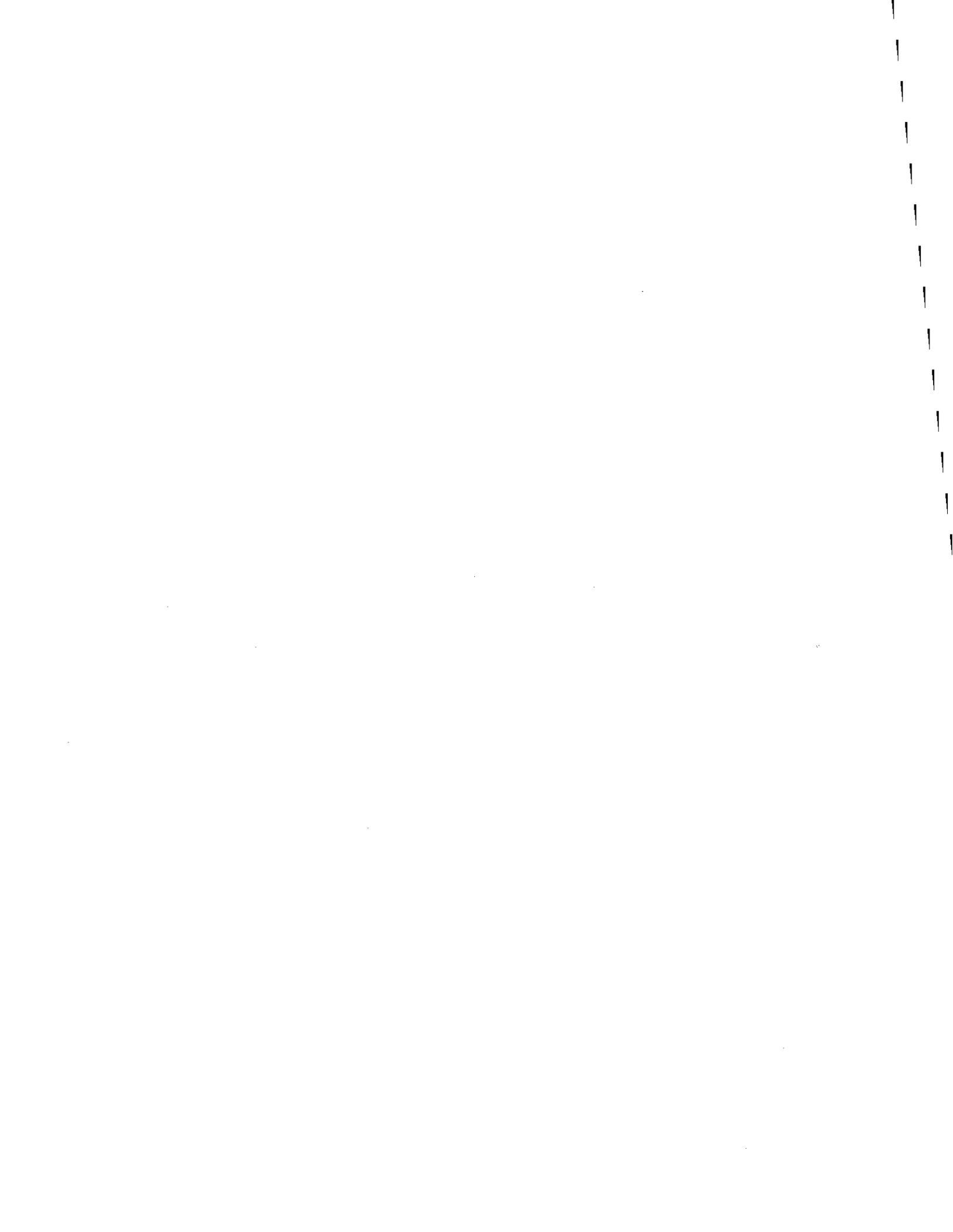
Balance December 31, 2011	\$ 48,651
Increased by:	
Deposits for Redemption of Tax Sale Certificates	<u>267,139</u>
Subtotal	315,790
Decreased by:	
Cash Disbursements	<u>307,154</u>
Balance December 31, 2012	<u><u>\$ 8,636</u></u>

EXHIBIT B-9

**SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 13,000
Increased by:	
Premiums Received at Tax Sale	<u>42,700</u>
Subtotal	55,700
Decreased by:	
Cash Disbursements	<u>15,500</u>
Balance December 31, 2012	<u><u>\$ 40,200</u></u>

GENERAL CAPITAL FUND



**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011

\$ 501

EXHIBIT C-2

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	326,890
Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	1,000	
Interest Earned		751	1,751
			<hr/>
Subtotal			328,641
Disbursements:			
Due Current Fund		900	
Improvement Authorizations		180,974	181,874
			<hr/>
Balance December 31, 2012		\$	<u>146,767</u>

EXHIBIT C-3

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	1,450,000
Decreased by:			
2012 Budget Appropriations to Pay Municipal Bonds			125,000
			<hr/>
Balance December 31, 2012		\$	<u>1,325,000</u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2012**

Fund Balance		\$ 501
Capital Improvement Fund		134,564
Due Current Fund		(166,115)
Reserve for Purchase of Fire Equipment		1,887
Reserve for Installation of Traffic Signals		12,000
Reserve for Improvements to Municipal Roads		19,197
Improvement Authorizations:		
ORDINANCE		
NUMBER		
98-94	Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	2,569
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	33,365
07-18	Purchase of Fire Truck	28,282
07-19	Reconstruction of Streets & Park Improvements	184,181
07-20	Purchase of Passenger Bus	2,332
08-12	Reconstruction of Streets	41,288
09-08	Reconstruction of Streets	47,842
10-46	Purchase of Recycling Carts	3,918
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System	(134,315)
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System	(64,729)
Total		<u>\$ 146,767</u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGED TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	NOTES PAID BY APPROPRIATION	BALANCE DECEMBER 31, 2012	ANALYSIS OF BALANCE DECEMBER 31, 2012		
					FINANCED BY BOND ANTICIPATION NOTES	UNEXPENDED EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	\$ 160,000	\$ 20,000	\$ 140,000	\$ 140,000		
07-18	Purchase of Fire Truck	360,000	20,000	340,000	340,000		
07-19	Reconstruction of Streets & Park Improvements	202,500	20,000	182,500	182,500		
07-20	Purchase of Passenger Bus	47,500		47,500		\$	47,500
08-12	Reconstruction of Streets	95,000		95,000	95,000		
09-08	Reconstruction of Streets	190,000		190,000	190,000		
10-46	Purchase of Recycling Carts	80,750		80,750	78,500		2,250
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trial & Related Drainage System	142,500		142,500		\$ 134,315	\$ 8,185
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System	142,500		142,500		64,729	77,771
Total		\$ 1,420,750	\$ 60,000	\$ 1,360,750	\$ 1,026,000	\$ 199,044	\$ 135,706
	Improvement Authorizations - Unfunded						\$ 474,582
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:						
	Ordinance 06-04				\$ 33,365		
	Ordinance 07-18				28,282		
	Ordinance 07-19				184,181		
	Ordinance 08-12				41,288		
	Ordinance 09-08				47,842		
	Ordinance 10-46				3,918		338,876
	Total						\$ 135,706

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 133,564
Increased by:	
2012 Budget Appropriation	<u>1,000</u>
Balance December 31, 2012	<u><u>\$ 134,564</u></u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2011		PAID OR CHARGED	BALANCE DECEMBER 31, 2012	
		DATE	AMOUNT	FUNDED	UNFUNDED		FUNDED	UNFUNDED
98-04	Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	06/04/1998	\$ 198,030	\$ 2,569			\$ 2,569	
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	06/19/2006	200,000		\$ 33,365			\$ 33,365
07-18	Purchase of Fire Truck	12/06/2007	400,000		28,282			28,282
07-19	Reconstruction of Streets & Park Improvements	12/06/2007	225,000		184,181			184,181
07-20	Purchase of Passenger Bus	12/06/2007	50,000	2,332	47,500		2,332	47,500
08-12	Reconstruction of Streets	10/02/2008	100,000		41,288			41,288
09-08	Reconstruction of Streets	07/21/2009	200,000		78,775	\$ 30,933		47,842
10-46	Purchase of Recycling Carts	02/02/2010	85,000		6,168			6,168
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trial & Related Drainage System	10/18/2011	150,000		106,798	98,613		8,185
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System	10/18/2011	150,000		129,199	51,428		77,771
Total				\$ 4,901	\$ 655,556	\$ 180,974	\$ 4,901	\$ 474,582

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	TERM OF LEASE	AMOUNT OF ORIGINAL ISSUE		INTEREST RATE	BALANCE DECEMBER 31,		BALANCE DECEMBER 31,
			PRINCIPAL	INTEREST		2011	DECREASED	
Energy Management Equipment	06/01/2006	10 Years	\$74,832	\$27,168	6.50%	\$ 42,405	7,450	\$ 34,955

**SCHEDULE OF BONDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2012**

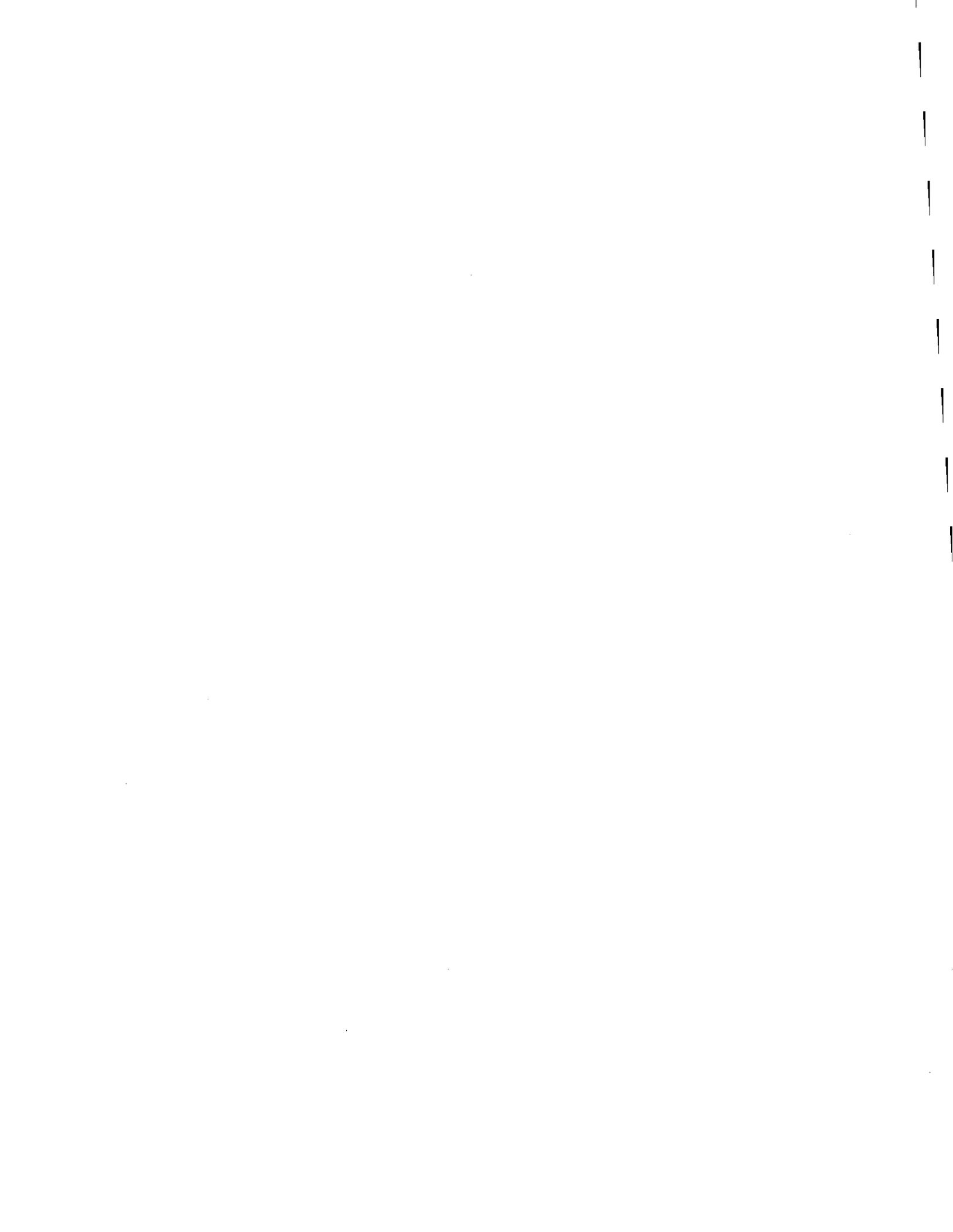
PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31,		BALANCE DECEMBER 31,
			DECEMBER 31, 2012 DATE	AMOUNT		2011	DECREASED	
General Improvement Bonds Series 2005	09/01/2005	\$2,120,000	09/01/13	\$ 125,000	4.125%	\$ 1,450,000	\$ 125,000	\$ 1,325,000
			06/01/14	125,000	4.200%			
			09/01/15	150,000	4.250%			
			09/01/16	150,000	4.250%			
			09/01/17	155,000	4.250%			
			09/01/18	200,000	4.250%			
			09/01/19	210,000	4.250%			
			09/01/20	210,000	4.250%			
Total						\$1,450,000	\$ 125,000	\$ 1,325,000

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
AT DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE			BALANCE
						DECEMBER 31, 2011	INCREASED	DECREASED	DECEMBER 31, 2012
06-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	06/25/2006	06/14/2012	06/13/2013	1.19%	\$ 160,000	\$ 140,000	\$ 160,000	\$ 140,000
07-18	Purchase of Fire Truck	08/13/2008	06/14/2012	06/13/2013	1.19%	360,000	340,000	360,000	\$340,000
07-19	Reconstruction of Streets & Park Improvements	08/13/2008	06/14/2012	06/13/2013	1.19%	202,500	182,500	202,500	\$182,500
08-12	Reconstruction of Streets	06/16/2009	06/14/2012	06/13/2013	1.19%	95,000	95,000	95,000	\$95,000
09-08	Reconstruction of Streets	06/15/2010	06/14/2012	06/13/2013	1.19%	116,250	116,250	116,250	\$116,250
09-08	Reconstruction of Streets	06/14/2011	06/14/2012	06/13/2013	1.19%	73,750	73,750	73,750	\$73,750
10-46	Purchase of Recycling Car	06/14/2011	06/14/2012	06/13/2013	1.19%	78,500	78,500	78,500	\$78,500
Total						\$ 1,086,000	\$ 1,026,000	\$ 1,086,000	\$ 1,026,000

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012 & 2011
07-20	Purchase of Passenger Bus	\$ 47,500
10-46	Purchase of Recycling Carts	2,250
11-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System	142,500
11-13	Reconstruction of a Portion of Moods Road & Related Drainage System	<u>142,500</u>
		<u>\$ 334,750</u>



SUPPLEMENTARY DATA

**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 0.71%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 1,490,000	\$ 1,490,000	
Regional High School District Debt	457,389	457,389	
General Debt	2,685,750		\$ 2,685,750
	<hr/>		
Total	\$ 4,633,139	\$ 1,947,389	\$ 2,685,750
	<hr/>		

Net debt, \$2,685,750 divided by Equalized Valuation Basis Per N.J.S.A.40A:2-2 as amended, equals 0.71%

Equalized Valuation Basis:

2012	\$ 369,557,363
2011	377,813,761
2010	384,813,438
	<hr/>
Average	\$ 377,394,854
	<hr/>

Borrowing Power Under 40A:2-6

3.5% of Equalized Valuation Basis (Municipal)	\$ 13,208,820
Net Debt	2,685,750
	<hr/>
Remaining Borrowing Power	\$ 10,523,070
	<hr/>

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

**Comparative Statement of Operations and
Change in Fund Balance - Current Fund**

	YEAR 2012		YEAR 2011	
	AMOUNT	PERCENT	AMOUNT	PERCENT
Revenue and Other Income Realized				
Fund Balance Utilized	\$ 425,000	3.56%	\$ 500,029	4.47%
Collection of Delinquent Taxes & Tax Title Liens	593,656	4.97%	608,574	5.44%
Collection of Current Tax Levy	9,469,403	79.35%	8,873,982	79.31%
Miscellaneous - Other	1,445,628	12.11%	1,206,526	10.78%
Total Income	11,933,687	100.00%	11,189,111	100.00%
Expenditures				
Budget Expenditures - Municipal Purposes	3,879,057	34.36%	3,660,964	33.58%
County Taxes	2,297,480	20.35%	2,302,033	21.12%
Local & Regional School Taxes	5,111,926	45.28%	4,938,964	45.30%
Miscellaneous Debits	627	0.01%	196	0.00%
Total Expenditures	11,289,090	100.00%	10,902,157	100.00%
Excess/(Deficit) in Revenue	644,597		286,954	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above which are by Statute Deferred Charges to Budget of Succeeding Year	9,800			
Statutory Excess to Surplus	654,397		286,954	
Fund Balance January 1	636,252		849,327	
Total	1,290,649		1,136,281	
Less: Utilization as Anticipated Revenue	425,000		500,029	
Fund Balance December 31	\$ 865,649		\$ 636,252	

**Comparison of Tax Levies
and Collection Currently**

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

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2012	\$10,117,440	9,469,403	93.59%
2011	9,567,868	8,876,981	92.78%
2010	9,371,304	8,732,219	93.18%

Comparison of Tax Rate Information

	2012	2011	2010
Total Tax Rate	<u>\$2.481</u>	<u>\$2.387</u>	<u>\$2.358</u>
Apportionment of Tax Rate:			
Municipal	0.642	0.574	0.549
County	0.565	0.575	0.596
Local School	0.616	0.604	0.600
Regional School	0.658	0.634	0.613
Open Space	None	None	None

Net Valuation Taxable:

2012	<u>\$401,086,775</u>	
2011		<u>\$398,413,164</u>
2010		<u>\$394,119,856</u>

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.

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2012	\$ 548,510	\$ 587,595	\$ 1,136,105	11.23%
2011	496,667	666,508	1,163,175	12.16%
2010	457,607	651,594	1,109,201	11.84%

**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:

Year	Amount
2012	\$ 152,930
2011	152,930
2010	152,930

Comparative Schedule of Fund Balance

Current Fund	December 31,	Utilized in Budget of Succeeding Year
2012	\$ 865,649	\$ 423,064
2011	636,252	425,000
2010	849,328	500,029
2009	1,268,264	1,088,975
2008	1,304,427	1,122,519
2007	994,154	916,899

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012:

NAME	TITLE	AMOUNT OF BOND	NAME OF CORPORATE SURETY
Phil Barbaro	Mayor		
Wayne Swanson	Deputy Mayor		
Patrick Spring	Committeeman		
Michael Pantaleo	Committeeman		
Carolyn D. King-Simmons	Committeewoman		
Steve P. Considine	Chief Financial Officer	\$1,000,000.00	A
Susan E. DeFrancesco	Tax Collector	\$1,000,000.00	A
Debbie Pine	Municipal Clerk		
Brian J. Duffield	Solicitor		

Code A – Municipal Excess Liability Joint Insurance Fund

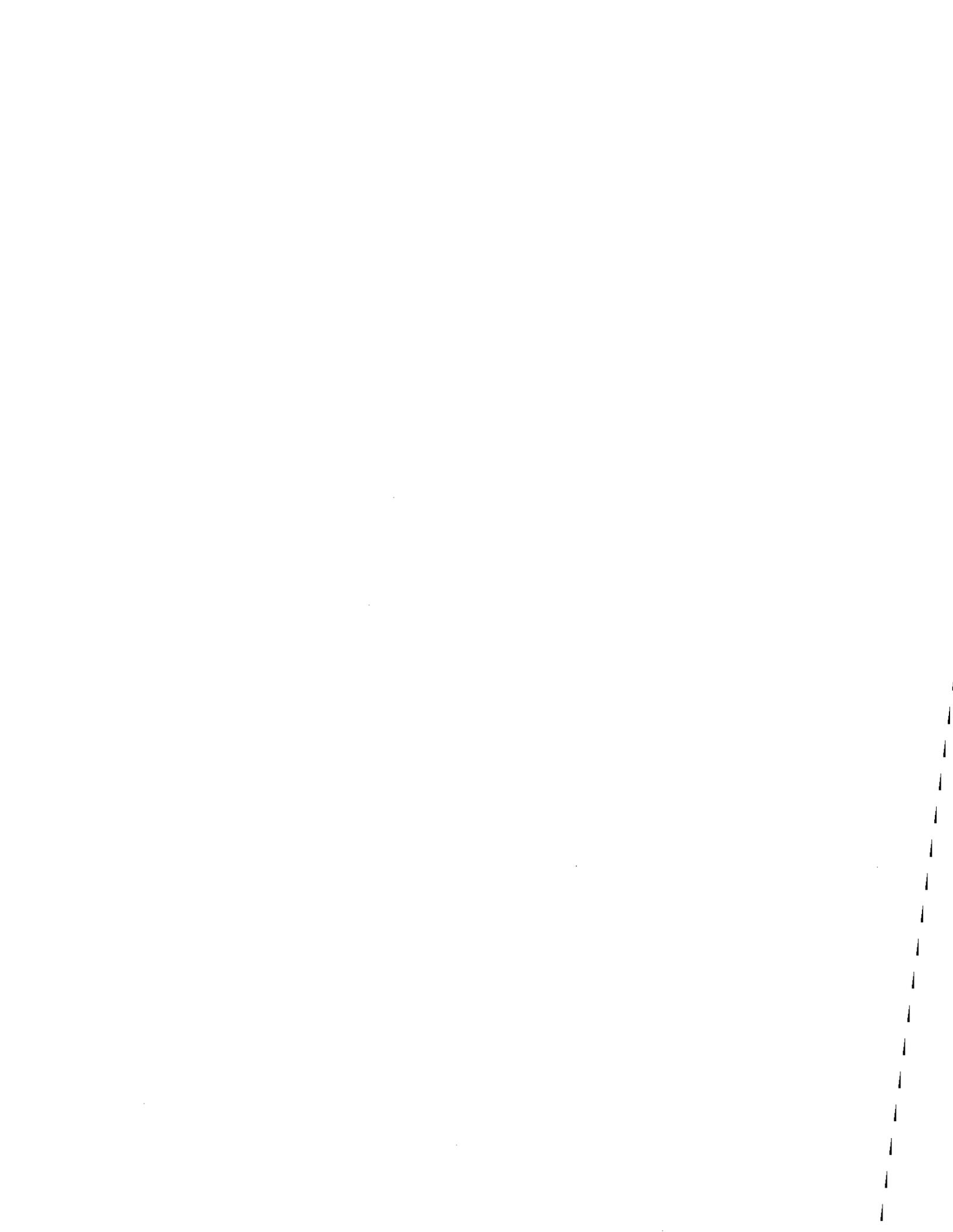
All Surety Bonds listed above were reviewed and they appeared to be properly executed

Note - All other employees covered by a blanket employee dishonesty bond of \$50,000 with General Security Insurance Company.

**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**





HOLMAN | FRENIA
ALLISON, P.C.

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To the Honorable Mayor and
Members of the Township Committee
Township of Elk
Monroeville, New Jersey 08343

We have audited the financial statements and transactions of the Township of Elk in the County of Gloucester for the year ended December 31, 2012. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

No bids in 2012

The minutes indicate that resolutions were adopted 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.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "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 provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes

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

The governing body on January 7, 2012 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 of delinquent installments of taxes, and at the rate of 18% per annum on any amount in excess of \$1,500 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 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 27, 2012 and was complete.

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

Year	Number of Liens
2012	99
2011	94
2010	88

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.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund ascertained that the accumulated withholdings were disbursed to the proper agencies.

Municipal Court

A separate report of the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the Municipal Court records, no attempt was made to differentiate between fines due the Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

Finance Office:

Finding 2012-01:

The general ledger for all funds was not properly maintained as required by *N.J.S.A. 5:30-5.7* and as a result material audit adjustments were needed in order to achieve proper presentation in the financial statements.

Recommendation:

That the general ledger for all funds be accurately and completely maintained to ensure adequate control over the preparation of the financial statements and related footnotes.

Management Response:

The Township of Elk agrees with this finding, and will correct it accordingly.

Finding 2012-02:

Subsidiary accounting records for all township collected revenues are not being properly maintained or tracked in the township's approved accounting system.

Recommendation:

Supporting subsidiary ledgers for all funds be accurately and completely maintained in the township's accounting system to ensure adequate control over the preparation of the financial statements and related footnotes.

Management Response:

The Township of Elk agrees with this finding, and will correct it accordingly.

Follow-Up of Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year findings. Corrective action has been taken on all prior year findings.

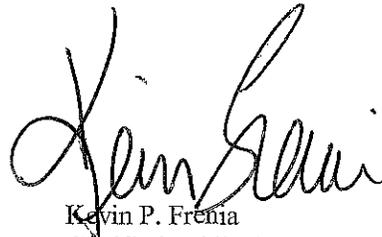
Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
No. CR435

Medford, New Jersey
June 30, 2013