

**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

**AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

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COUNTY OF GLOUCESTER**

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COUNTY OF GLOUCESTER**

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Elk as of December 31, 2022 and 2021, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the below "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Elk, as of December 31, 2022 and 2021, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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 and account group of the Township of Elk, as of December 31, 2022 and 2021, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis, for the year ended December 31, 2022 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.

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Basis for Opinions

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; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Elk, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Township of Elk on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Responsibilities of Management 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Elk's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental schedules 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 are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2023 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
August 30, 2023

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF ELK
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Regular Fund:			
Cash	A-4	\$ 5,737,801.95	\$ 5,783,924.13
Change Fund	A-6	150.00	150.00
Investment - Bond Anticipation Note	C	612,750.00	319,200.00
Total Regular Fund		<u>6,350,701.95</u>	<u>6,103,274.13</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	353,470.15	456,201.27
Tax Title Liens Receivable	A-8	964,518.49	891,313.84
Property Acquired for Taxes - Assessed Valuation	A-10	656,730.00	656,730.00
Demolition Liens Receivable	A	35,422.42	32,174.66
Revenue Accounts Receivable	A-11	3,641.27	3,937.58
Due from:			
Trust - Other Fund	B	123.56	476.97
Animal Control Trust Fund	B	-	8,123.82
Federal and State Grant Fund	A	321,889.50	-
		<u>2,335,795.39</u>	<u>2,048,958.14</u>
Total Current Fund		<u>8,686,497.34</u>	<u>8,152,232.27</u>
Federal and State Grants:			
Cash	A-4	1,735.97	1,727.32
Grants Receivable	A-22	1,130,318.16	1,034,378.42
Due from Current Fund	A	-	18,592.52
Total Federal and State Grants		<u>1,132,054.13</u>	<u>1,054,698.26</u>
Total Assets		<u>\$ 9,818,551.47</u>	<u>\$ 9,206,930.53</u>

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

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2022	2021
Regular Fund:			
Appropriation Reserves	A-3	\$ 981,575.81	\$ 912,192.16
Reserve for Encumbrances	A-3,A-13	41,484.16	98,067.85
Prepaid Taxes	A-14	214,286.58	235,039.85
Tax Overpayments	A-15	32,955.42	28,073.90
Payroll Taxes Payable	A	2,566.19	12,840.20
Reserve for Street Openings	A	64,789.97	57,183.97
Reserve for Local Fiscal Recovery Funds	A	218,390.94	218,390.94
Reserve for Revaluation	A	23,902.17	23,902.17
Reserve for Codification of Ordinances and Preparation of Master Plan	A	8,843.03	8,843.03
Reserve for Municipal Relief Fund	A	18,899.76	-
Due to County for Added and Omitted Taxes	A-19	29,628.87	17,291.87
Local School District Taxes Payable	A-16	507,186.07	498,417.99
Regional High School District Taxes Payable	A-17	153,243.98	153,036.89
Due to Federal and State Grant Fund	A	-	18,592.52
Due to Trust - Other Fund - Off-Duty Police	B	503,161.74	484,758.52
Due to General Capital Fund	C	-	20,000.00
Due to the State:			
Senior Citizen and Veterans Deductions	A-9	11,074.19	10,074.19
Marriage Licenses	A-20	250.00	400.00
DCA Inspection Fees	A-21	1,966.00	2,227.00
Subtotal		<u>2,814,204.88</u>	<u>2,799,333.05</u>
Reserve for Receivables & Other Assets	A	2,335,795.39	2,048,958.14
Fund Balance	A-1	<u>3,536,497.07</u>	<u>3,303,941.08</u>
Total Regular Fund		<u>8,686,497.34</u>	<u>8,152,232.27</u>
Federal and State Grants:			
Reserve for Grants - Unappropriated	A-23	2,420.06	1,440.00
Encumbrances Payable	A-24	46,685.50	34,646.00
Reserve for Grants - Appropriated	A-24	761,059.07	1,018,612.26
Due to Current Fund	A	<u>321,889.50</u>	<u>-</u>
Total Federal and State Grants		<u>1,132,054.13</u>	<u>1,054,698.26</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 9,818,551.47</u>	<u>\$ 9,206,930.53</u>

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

**TOWNSHIP OF ELK
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 685,818.15	\$ 898,233.11
Miscellaneous Revenue Anticipated	1,611,530.67	956,855.90
Receipts From Delinquent Taxes & Tax Title Liens	468,502.08	518,578.26
Receipts From Current Taxes	13,667,894.47	13,596,106.84
Nonbudget Revenue	257,839.30	252,888.10
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	849,904.74	963,936.30
Liquidation of Reserves For:		
Prior Year Interfund Returned	8,583.86	317,285.23
	<u>17,550,073.27</u>	<u>17,503,883.74</u>
Total		
Expenditures:		
Budget & Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	1,971,420.00	1,810,650.00
Other Expenses	2,141,981.00	2,201,495.00
Deferred Charges & Statutory		
Expenditures - Municipal Within "CAPS"	479,800.00	483,541.48
Operations Excluded from "CAPS":		
Salaries & Wages	75,970.00	74,480.00
Other Expenses	662,694.37	192,157.01
Capital Improvements	170,000.00	120,000.00
Municipal Debt Service	264,546.00	266,492.07
County Taxes	2,991,371.25	3,006,138.78
Due County for Added & Omitted Taxes	29,628.87	17,291.87
Local District School Tax	3,581,778.00	3,558,316.00
Regional High School District Tax	3,936,865.00	4,026,164.00
Prior Year Deductions Disallowed	2,042.46	1,433.56
Interfund Advanced	321,889.50	-
Grants Receivable Cancelled	0.60	-
Return of Prior Year Revenue	1,712.08	8.00
	<u>16,631,699.13</u>	<u>15,758,167.77</u>
Total Expenditures		
Excess to Fund Balance	918,374.14	1,745,715.97
Fund Balance, January 1	<u>3,303,941.08</u>	<u>2,456,458.22</u>
Total	4,222,315.22	4,202,174.19
Decreased by: Utilization as Anticipated Revenue	<u>685,818.15</u>	<u>898,233.11</u>
Fund Balance, December 31	<u><u>\$ 3,536,497.07</u></u>	<u><u>\$ 3,303,941.08</u></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, 2022**

	BUDGET	APPROPRIATED by N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 685,818.15	\$ -	\$ 685,818.15	\$ -
Miscellaneous Revenue:				
Fines & Costs:				
Municipal Court	77,500.00	-	52,519.24	(24,980.76)
Interest & Costs on Taxes	138,500.00	-	97,426.50	(41,073.50)
Energy Receipts Tax	362,315.00	-	362,315.00	-
Uniform Construction Code Fees & Permits	141,000.00	-	150,438.00	9,438.00
Shared Service Agreements:				
Borough of Clayton - Court Reimb.	107,100.00	-	107,100.00	-
Recycling Tonnage Grant	8,178.42	-	8,178.42	-
Body Armor Grant	972.07	-	972.07	-
Drive Sober or Get Pulled Over	1,440.00	-	1,440.00	-
TRICO JIF Safety Incentive Program	1,500.00	-	3,687.62	2,187.62
TRICO JIF Cyber Risk	1,500.00	-	1,500.00	-
TRICO JIF Wellness Incentive Grant	750.00	-	375.00	(375.00)
Sustainable Jersey Small Grants	-	5,000.00	5,000.00	-
DOT - Parking Lot	-	175,000.00	175,000.00	-
DOT - Moods Road	-	240,000.00	240,000.00	-
DOT - Moods Road - Phase II	175,000.00	-	175,000.00	-
Clean Communities Program	-	12,187.88	12,187.88	-
Local Fiscal Recovery Fund - Police S&W	218,390.94	-	218,390.94	-
Total Miscellaneous Revenues	1,234,146.43	432,187.88	1,611,530.67	(54,803.64)
Receipts from Delinquent Taxes	500,000.00	-	468,502.08	(31,497.92)
Local Tax for Municipal Purposes	3,471,578.38	-	3,685,070.82	213,492.44
Budget Totals	5,891,542.96	432,187.88	6,450,921.72	127,190.88
Nonbudget Revenues	-	-	257,839.30	257,839.30
Total	\$ 5,891,542.96	\$ 432,187.88	\$ 6,708,761.02	\$ 385,030.18

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, 2022**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 13,667,894.47
Less: Allocated for School & County Taxes	<u>10,539,643.12</u>
Total Allocation of Current Tax Collections	3,128,251.35
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>556,819.47</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 3,685,070.82</u></u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 443,332.72
Tax Title Lien Collections	<u>25,169.36</u>
Total Receipts from Delinquent Taxes	<u><u>\$ 468,502.08</u></u>

ANALYSIS OF NONBUDGET REVENUES

Miscellaneous Revenue Not Anticipated:	
Receipts:	
Interest on Investments	\$ 40,166.29
Fees and Permits	15,785.00
Cell Tower	57,094.93
Cable Franchise Fee	21,605.06
Abandoned Property Fees	6,150.00
Trailer Park Fees	84,012.00
DMV Fines	9,022.75
Alcoholic Beverage License	2,500.00
Administrative Fee Senior Citizens and Vets	739.15
Miscellaneous	<u>20,764.12</u>
Total Nonbudgeted Revenue	<u><u>\$ 257,839.30</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, 2022**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 42,100.00	\$ 42,100.00	\$ 40,100.74	\$ -	\$ 1,999.26	\$ -
Other Expenses	6,400.00	6,400.00	3,649.00	220.00	2,531.00	-
Equipment Maintenance	14,000.00	14,000.00	9,903.00	36.00	4,061.00	-
Mayor and Committee:						
Salaries and Wages	3,680.00	3,680.00	2,420.00	-	1,260.00	-
Other Expenses	3,600.00	3,600.00	1,245.00	-	2,355.00	-
Municipal Clerk:						
Salaries and Wages	70,000.00	70,000.00	64,800.09	-	5,199.91	-
Other Expenses	35,000.00	35,000.00	21,952.33	4,482.12	8,565.55	-
Elections:						
Other Expenses	7,000.00	7,000.00	3,191.19	-	3,808.81	-
Financial Administration:						
Salaries and Wages	50,000.00	51,100.00	51,000.00	-	100.00	-
Other Expenses	36,150.00	36,150.00	14,652.23	750.00	20,747.77	-
Audit Services:						
Other Expenses	32,000.00	32,000.00	28,060.00	-	3,940.00	-
Collection of Taxes:						
Salaries and Wages	40,000.00	40,000.00	34,163.37	-	5,836.63	-
Other Expenses	9,400.00	9,400.00	6,034.23	-	3,365.77	-
Liquidation of TTLs and Foreclosed Property						
Other Expenses	500.00	500.00	-	-	500.00	-
Maintenance of Foreclosed Property						
Other Expenses	5,000.00	5,000.00	-	-	5,000.00	-
Legal Services:						
Other Expenses	60,000.00	60,000.00	23,930.34	1,956.50	34,113.16	-
Engineering Services & Costs:						
Other Expenses	65,000.00	75,000.00	57,436.75	-	17,563.25	-
Economic Development:						
Other Expenses	1,500.00	1,500.00	-	-	1,500.00	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	32,500.00	32,500.00	31,758.00	-	742.00	-
Other Expenses	34,700.00	37,700.00	4,663.68	-	33,036.32	-
Zoning Office:						
Salaries and Wages	8,500.00	8,500.00	7,355.51	-	1,144.49	-
Other Expenses	6,950.00	6,950.00	322.50	-	6,627.50	-
Insurance:						
Worker's Compensation	75,211.00	75,211.00	68,481.00	-	6,730.00	-
General Liability	98,735.00	98,735.00	84,942.00	-	13,793.00	-
Employee Group Health	420,000.00	420,000.00	363,735.12	-	56,264.88	-
Health Benefit Waiver	14,000.00	14,000.00	9,557.78	-	4,442.22	-
Public Safety Functions:						
Police:						
Salaries and Wages	1,443,150.00	1,443,150.00	1,256,713.97	-	186,436.03	-
Other Expenses	191,700.00	191,700.00	148,115.18	25,155.68	18,429.14	-
Office of Emergency Management:						
Salaries and Wages	4,160.00	4,160.00	4,091.80	-	68.20	-
Other Expenses	10,000.00	10,000.00	200.00	-	9,800.00	-
Aid to Volunteer Fire Companies:						
Other Expenses	87,500.00	87,500.00	50,815.56	-	36,684.44	-
First Aid Organizations - Contributions	4,165.00	4,165.00	4,165.00	-	-	-
Uniform Fire Safety Act (PL 1983, C 383):						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Hepatitis Shots	500.00	500.00	-	-	500.00	-
OSHA (PL 983, C 156):						
Other Expenses	15,000.00	15,000.00	10,000.00	-	5,000.00	-

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, 2022**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Public Safety Functions(continued):						
Prosecutor:						
Other Expenses	16,500.00	16,500.00	15,900.00	-	600.00	-
Public Works Functions:						
Road Repairs and Maintenance:						
Salaries and Wages	125,700.00	125,700.00	100,407.87	-	25,292.13	-
Other Expenses	46,200.00	46,200.00	24,634.19	1,588.74	19,977.07	-
Road Signs:						
Other Expenses	3,500.00	3,500.00	526.52	-	2,973.48	-
Vehicle Maintenance:						
Other Expenses	70,400.00	70,400.00	27,705.04	1,405.17	41,289.79	-
Snow Removal:						
Salaries and Wages	10,000.00	10,000.00	2,887.17	-	7,112.83	-
Other Expenses	15,000.00	25,000.00	21,366.75	-	3,633.25	-
Solid Waste Collection:						
Contractual	255,000.00	255,000.00	223,126.55	-	31,873.45	-
State Fees	500.00	500.00	-	-	500.00	-
Miscellaneous Other Expenses	500.00	500.00	-	-	500.00	-
Public Buildings and Grounds:						
Other Expenses	85,000.00	85,000.00	45,796.95	4,716.78	34,486.27	-
Health and Welfare:						
Board of Health:						
Other Expenses	500.00	500.00	-	-	500.00	-
Registrar of Vital Statistics:						
Other Expenses	450.00	450.00	25.00	-	425.00	-
Environmental Commission:						
Other Expenses	2,000.00	2,000.00	375.00	-	1,625.00	-
Agriculture Board:						
Other Expenses	500.00	500.00	-	-	500.00	-
Animal Control:						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Recreation and Education:						
Recreation Programs:						
Other Expenses	5,000.00	5,000.00	662.59	627.99	3,709.42	-
Senior Center:						
Other Expenses	1,000.00	1,000.00	1,000.00	-	-	-
Other Common Operating Functions:						
Accumulated Leave Compensation	15,000.00	15,000.00	15,000.00	-	-	-
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	500.00	500.00	-	-	500.00	-
Utility Expenses and Bulk Purchases:						
Electricity	65,000.00	65,000.00	51,637.58	-	13,362.42	-
Street Lighting	9,500.00	9,500.00	6,298.17	-	3,201.83	-
Telephone	25,000.00	25,000.00	21,264.33	545.18	3,190.49	-
Hydrants	7,000.00	7,000.00	5,319.09	-	1,680.91	-
Natural Gas	15,000.00	15,000.00	7,351.21	-	7,648.79	-
Gasoline	50,000.00	60,000.00	51,257.60	-	8,742.40	-
Landfill/Solid Waste Disposal Costs:						
County Landfill Tipping Fees	170,000.00	140,900.00	109,761.30	-	31,138.70	-
Recycling Tipping Fees	40,000.00	35,000.00	20,924.03	-	14,075.97	-
Municipal Court:						
Municipal Court:						
Salaries and Wages	49,030.00	49,030.00	41,220.99	-	7,809.01	-
Other Expenses	3,770.00	3,770.00	-	-	3,770.00	-
Public Defender:						
Other Expenses	8,500.00	8,500.00	6,600.00	-	1,900.00	-

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, 2022**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Appropriation Offset By Dedicated Revenues:						
State Uniform Construction Code						
Construction Official:						
Salaries and Wages	76,500.00	76,500.00	66,489.53	-	10,010.47	-
Other Expenses	9,750.00	9,750.00	3,343.53	-	6,406.47	-
Contingent	1,000.00	1,000.00	-	-	1,000.00	-
Total Operations Within "CAPS" Including Contingent	<u>4,113,401.00</u>	<u>4,113,401.00</u>	<u>3,278,336.36</u>	<u>41,484.16</u>	<u>793,580.48</u>	<u>-</u>
Detail:						
Salaries and Wages	1,970,320.00	1,971,420.00	1,718,409.04	-	253,010.96	-
Other Expenses	2,143,081.00	2,141,981.00	1,559,927.32	41,484.16	540,569.52	-
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	48,954.00	48,954.00	48,954.00	-	-	-
Social Security System (O.A.S.I.)	140,000.00	140,000.00	132,055.07	-	7,944.93	-
Police & Fireman's Retirement System of New Jersey	269,846.00	269,846.00	269,846.00	-	-	-
Unemployment Insurance	20,000.00	20,000.00	1,505.74	-	18,494.26	-
Defined Contr. Retirement Program	1,000.00	1,000.00	-	-	1,000.00	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	<u>479,800.00</u>	<u>479,800.00</u>	<u>452,360.81</u>	<u>-</u>	<u>27,439.19</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>4,593,201.00</u>	<u>4,593,201.00</u>	<u>3,730,697.17</u>	<u>41,484.16</u>	<u>821,019.67</u>	<u>-</u>
Operations-Excluded from "CAPS":						
Recycling Tax	8,000.00	8,000.00	4,250.16	-	3,749.84	-
Total Other Operations - Excluded from "CAPS"	<u>8,000.00</u>	<u>8,000.00</u>	<u>4,250.16</u>	<u>-</u>	<u>3,749.84</u>	<u>-</u>
Shared Service Agreements-Excluded from "CAPS":						
Franklin Township - Muni. Alliance:						
Municipal Share	2,036.00	2,036.00	2,036.00	-	-	-
Elk Joint Municipal Court:						
Salaries and Wages	75,970.00	75,970.00	75,970.00	-	-	-
Other Expenses	31,130.00	31,130.00	18,525.00	-	12,605.00	-
Total Shared Service Agreements	<u>109,136.00</u>	<u>109,136.00</u>	<u>96,531.00</u>	<u>-</u>	<u>12,605.00</u>	<u>-</u>
Public & Private Programs Offset by Revenues:						
Recycling Tonnage Grant	8,178.42	8,178.42	8,178.42	-	-	-
Body Armor Grant	972.07	972.07	972.07	-	-	-
TRICO JIF Safety Incentive Program	1,500.00	1,500.00	1,421.20	-	78.80	-
TRICO JIF Wellness Incentive Program	750.00	750.00	-	-	750.00	-
TRICO JIF Cyber Risk	1,500.00	1,500.00	-	-	1,500.00	-
Clean Communities Program	-	12,187.88	12,187.88	-	-	-
DOT - Parking Lot	-	175,000.00	175,000.00	-	-	-
DOT - Moods Road	-	240,000.00	240,000.00	-	-	-
DOT - Moods Road - Phase II	175,000.00	175,000.00	175,000.00	-	-	-
AC Electric Sustainable Communities	-	5,000.00	5,000.00	-	-	-
Drive Sober or Get Pulled Over	1,440.00	1,440.00	1,440.00	-	-	-
Total Operations Excluded from "CAPS"	<u>306,476.49</u>	<u>738,664.37</u>	<u>719,980.73</u>	<u>-</u>	<u>18,683.64</u>	<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, 2022**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Detail:						
Salaries and Wages	75,970.00	75,970.00	75,970.00	-	-	-
Other Expenses	230,506.49	662,694.37	644,010.73	-	18,683.64	-
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00	-	-	-
Improvements to Municipal Roads	150,000.00	150,000.00	8,127.50	-	141,872.50	-
Total Capital Improvements Excluded from "CAPS"	170,000.00	170,000.00	28,127.50	-	141,872.50	-
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	200,000.00	200,000.00	200,000.00	-	-	-
Payment of Bond Anticipation Notes & Capital Note	53,200.00	53,200.00	53,200.00	-	-	-
Interest on Bonds	10,250.00	10,250.00	9,750.00	-	-	500.00
Interest on Notes	1,596.00	1,596.00	1,596.00	-	-	-
Total Municipal Debt Service Excluded from "CAPS"	265,046.00	265,046.00	264,546.00	-	-	500.00
Subtotal General Appropriations	5,334,723.49	5,766,911.37	4,743,351.40	41,484.16	981,575.81	500.00
Reserve For Uncollected Taxes	556,819.47	556,819.47	556,819.47	-	-	-
Total General Appropriations	<u>\$ 5,891,542.96</u>	<u>\$ 6,323,730.84</u>	<u>\$ 5,300,170.87</u>	<u>\$ 41,484.16</u>	<u>\$ 981,575.81</u>	<u>\$ 500.00</u>
Appropriation by 40A:4-87 Original Budget		\$ 432,187.88 <u>5,891,542.96</u>				
Total		<u>\$ 6,323,730.84</u>				
Reserve for Federal & State Grants - Appropriated			\$ 617,778.37			
Reserve for Uncollected Taxes			556,819.47			
Reimbursements			(91,947.36)			
Cash Disbursements			<u>4,217,520.39</u>			
Total			<u>\$ 5,300,170.87</u>			

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

**TOWNSHIP OF ELK
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Animal Control Fund:			
Cash	B-1	\$ 7,883.00	\$ 16,803.62
Total Animal Control Fund		<u>7,883.00</u>	<u>16,803.62</u>
Open Space Preservation Fund:			
Cash	B-1	199,051.26	198,058.69
Total Open Space Preservation Fund		<u>199,051.26</u>	<u>198,058.69</u>
Other Trust Funds:			
Cash	B-1	1,455,347.31	1,209,028.36
Cash - Collector	B-1	270,398.72	181,308.60
Due From Current Fund	A	503,161.74	484,758.52
Total Other Trust Funds:		<u>2,228,907.77</u>	<u>1,875,095.48</u>
Total - All Funds		<u>\$ 2,435,842.03</u>	<u>\$ 2,089,957.79</u>
LIABILITIES & RESERVES			
Animal Control Fund:			
Due Current Fund	A	\$ -	\$ 8,123.82
Due State of New Jersey	B-3	12.00	12.60
Reserve for Animal Control Fund Expenditures	B-2	7,871.00	8,667.20
Total Animal Control Fund		<u>7,883.00</u>	<u>16,803.62</u>
Open Space Preservation Fund:			
Reserve for Open Space Preservation	B	199,051.26	198,058.69
Total Open Space Preservation Fund		<u>199,051.26</u>	<u>198,058.69</u>
Other Trust Funds:			
Due to Current Fund	A	123.56	476.97
Reserve for:			
Premiums Received at Tax Sale	B-4	262,600.00	174,100.00
Deposits for Redemptions of Liens	B-4	7,675.16	6,748.56
Unemployment Compensation	B-4	85,358.51	72,781.17
Forfeited Funds	B-4	1,873.06	1,599.04
Accumulated Absence	B-4	67,616.95	52,616.95
Public Defender	B-4	11,894.62	11,819.62
Affordable Housing	B-4	521,363.93	434,192.44
Storm Recovery	B-4	73,400.00	58,400.00
Recreation	B-4	23,445.89	23,445.89
Developer's Escrow	B-4	670,394.35	554,156.32
Off-Duty Police	B-4	503,161.74	484,758.52
Total Other Funds		<u>2,228,907.77</u>	<u>1,875,095.48</u>
Total - All Funds		<u>\$ 2,435,842.03</u>	<u>\$ 2,089,957.79</u>

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

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021**

ASSETS	REFERENCE	2022	2021
Cash	C-2	\$ 619,950.19	\$ 249,695.19
Due from Current Fund	A	-	20,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	210,000.00	410,000.00
Unfunded	C-4	795,000.00	848,200.00
 Total		 <u>\$ 1,624,950.19</u>	 <u>\$ 1,527,895.19</u>
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-9	\$ 210,000.00	\$ 410,000.00
Bond Anticipation Notes	C-8	612,750.00	319,200.00
Improvement Authorizations:			
Unfunded	C-7	141,671.46	141,671.46
Funded	C-7	336,801.58	284,791.58
Encumbrances Payable	C-7	16,495.00	-
Capital Improvement Fund	C-6	109,813.95	174,813.95
Reserve for Purchase of Fire Equipment	C	1,887.24	1,887.24
Reserve for Installation of Traffic Signals	C	12,000.00	12,000.00
Reserve for Improvements to Municipal Roads	C	183,029.96	183,029.96
Fund Balance	C-1	501.00	501.00
		 <u>\$ 1,624,950.19</u>	 <u>\$ 1,527,895.19</u>

There were \$182,250.00 and \$529,000.00 in bonds and notes authorized but not issued on December 31, 2022 and 2021.

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2022 and 2021

\$ 501.00

TOWNSHIP OF ELK
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Land and Buildings	\$ 408,000.00	\$ 408,000.00
Improvements Other than Buildings	342,458.00	342,458.00
Machinery and Equipment	328,704.91	328,704.91
Vehicles	<u>1,621,643.55</u>	<u>1,613,836.55</u>
Total	<u>\$ 2,700,806.46</u>	<u>\$ 2,692,999.46</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 2,700,806.46</u>	<u>\$ 2,692,999.46</u>

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

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**TOWNSHIP OF ELK
COUNTY OF GLOUCESTER**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The financial statements of the Township of Elk, County of Gloucester, New Jersey (hereafter referred to as the "Township"), include every board, body, office 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. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or volunteer fire companies that are subject to separate audits.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61, and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, and 90.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Inventories and Supplies - The cost 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed asset reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed property – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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 revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township’s annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Elk Township School District and Delsea Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Gloucester. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations are charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Elk Township School District and Delsea Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1. Summary of Significant Accounting Policies (continued)

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Recently Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2022:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The Township has implemented this standard as of December 31, 2022.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 96, Subscription-Based IT Arrangements (SBITA), addresses accounting and financial reports for subscription-based information technology arrangements. The standard requires governments to recognize the subscription-based IT arrangement as an intangible asset and to amortize the intangible asset over the subscription term. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the Township’s financial statements.

Statement No. 101, Compensated Absences, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn’t been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after

TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Summary of Significant Accounting Policies (continued)

December 15, 2023. Management has not yet determined the potential impact on the Township's financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2022, the Township's bank balance of \$8,383,953.47 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 6,687,191.96
Uninsured and Uncollateralized	<u>1,696,761.51</u>
	<u>\$ 8,383,953.47</u>

Investments

At December 31, 2022, the Township's Current Fund had an investment in a Bond Anticipation Note for the Township's General Capital Fund in the amount of \$612,750.00 issued on October 24, 2022, at the rate of 4.00% per annum and will mature on October 23, 2023.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 3. Property Taxes (continued)

Comparison Schedule of Tax Rates

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax Rate	<u>\$ 3.673</u>	<u>\$ 3.717</u>	<u>\$ 3.681</u>
Apportionment of Tax Rate:			
Municipal	0.911	0.917	0.905
County	0.787	0.796	0.782
Local & Regional School	1.975	2.004	1.994

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2022	\$ 380,759,041.00
2021	377,219,100.00
2020	374,251,077.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2022	\$ 14,127,053.15	\$ 13,667,894.47	96.75%
2021	14,150,659.55	13,596,106.84	96.08%
2020	13,915,491.38	13,371,874.81	96.09%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2022	\$ 964,518.49	\$ 353,470.15	\$ 1,317,988.64	9.33%
2021	891,313.84	456,201.27	1,347,515.11	9.52%
2020	865,673.30	458,822.52	1,324,495.82	9.52%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2022	131
2021	131
2020	118

The last tax sale was held on October 25, 2022.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 4. Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2022	\$ 656,730.00
2021	656,730.00
2020	656,730.00

Note 5. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2022	\$ 3,536,497.07	\$ 981,000.00	27.74%
2021	3,303,941.08	685,818.15	20.76%
2020	2,456,458.22	898,233.11	36.57%

Note 6. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 7. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2022:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 322,013.06	\$ 503,161.74
State and Federal Grant Fund	-	321,889.50
Animal Control Trust	503,161.74	123.56
	<u>\$ 825,174.80</u>	<u>\$ 825,174.80</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 8. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2022.

	Balance December 31, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>
Land & Buildings	\$ 408,000.00	\$ -	\$ -	\$ 408,000.00
Improvements Other than Buildings	342,458.00	-	-	342,458.00
Machinery & Equipment	328,704.91	-	-	328,704.91
Vehicles	1,613,836.55	7,807.00	-	1,621,643.55
	<u>\$ 2,692,999.46</u>	<u>\$ 7,807.00</u>	<u>\$ -</u>	<u>\$ 2,700,806.46</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

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

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Township's contractually required contribution to PERS plan was \$62,287.

Components of Net Pension Liability - At December 31, 2022, the Township's proportionate share of the PERS net pension liability was \$745,409. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2021. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was 0.00494% which was an increase of 0.00076% from its proportion measured as of June 30, 2021.

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 162,213	\$ 22,988
Deferred Inflows of Resources	219,631	474,141
Net Pension Liability	745,409	495,197
Township's portion of the Plan's total Net Pension Liability	0.00494%	0.00418%

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2022, the Township's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2022 measurement date is (\$81,236). This expense/(benefit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$62,287 to the plan in 2022.

At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 5,380	\$ 4,744
Changes of Assumptions	2,310	111,617
Net Difference between Projected and Actual Earnings on Pension Plan Investments	30,852	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>123,671</u>	<u>103,270</u>
	<u>\$ 162,213</u>	<u>\$ 219,631</u>

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.48	-
June 30, 2018	5.73	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	Amount
<u>Dec 31,</u>	
2022	\$ (47,177)
2023	(24,035)
2024	(11,721)
2025	25,572
2026	<u>(57)</u>
	<u>\$ (57,418)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 - 6.55% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 965,742	\$ 745,409	\$ 569,582

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

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2022. The State's proportionate share of the contribution associated with the special funding situation was \$1,568 as of December 31, 2022. These are based on measurements as of June 30, 2022.

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Basis of Presentation - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount. The Local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the Township’s contractually required contributions to PFRS plan was \$322,886.

Net Pension Liability and Pension Expense - At December 31, 2022 the Township’s proportionate share of the PFRS net pension liability was \$2,841,766. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The Township’s proportion of the net pension liability was based on

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Township's proportion measured as of June 30, 2022, was 0.02483%, which was an increase of 0.00167% from its proportion measured as of June 30, 2021.

Balances at December 31, 2022 and December 31, 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 702,878	\$ 192,246
Deferred Inflows of Resources	846,566	1,877,061
Net Pension Liability	2,841,766	1,692,326
 Township's portion of the Plan's total net pension Liability	 0.02483%	 0.02315%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2022, the Township's proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2022 measurement date was \$(68,741). This expense/(benefit) is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$322,886 to the plan in 2022.

At December 31, 2022, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 128,626	\$ 174,097
Changes of Assumptions	7,788	357,722
Net Difference between Projected and Actual Earnings on Pension Plan Investments	260,222	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>306,242</u>	<u>314,747</u>
	<u>\$ 702,878</u>	<u>\$ 846,566</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
June 30, 2022	6.22	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
June 30, 2022	-	6.22
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2023	\$ (151,160)
2024	(96,600)
2025	(92,023)
2026	192,221
2027	1,852
Thereafter	<u>2,022</u>
	<u>\$ (143,688)</u>

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Township is \$505,751 as of December 31, 2021. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The State’s proportion of the net pension liability associated with the Township was based on a projection of the Township’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2022 was 0.02483%, which was an increase of 0.00167% from its proportion measured as of June 30, 2021, which is the same proportion as the Township’s. At December 31, 2022, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 2,841,766
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>505,751</u>
	<u>\$ 3,347,517</u>

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

At December 31, 2022, the State’s proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2022 measurement date was \$58,350.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	PubS-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

Pre-retirement mortality rates were based on the PubS-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the PubS-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.72%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the Township’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 9. Pension Obligations (continued)

B. Police and Firemen’s Retirement System (PFRS) (continued)

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.0%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 3,899,210	\$ 2,841,766	\$ 1,961,439
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	693,945	505,751	349,079
	<u>\$ 4,593,155</u>	<u>\$ 3,347,517</u>	<u>\$ 2,310,518</u>

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

Note 10. Postemployment Benefits Other Than Pensions

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits’ (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of

TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 10. Postemployment Benefits Other Than Pensions (continued)

service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

* - Salary Increases are based on years of service within the respective plan.

OPEB Obligation and OPEB (benefit) Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Township's as of June 30, 2021 was \$4,263,428.00. The Township's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the OPEB Obligation associated with the Township was based on projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2021, the State proportionate share of the OPEB Obligation attributable to the Township was 0.023686%, which was an increase of 0.000653% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB (benefit)/expense in the amount of \$(170,809.00) for the State's proportionate share of the OPEB (benefit) expense attributable to the Township. This OPEB (benefit)/expense was based on the OPEB plans June 30, 2020 measurement date.

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with the Township	\$ 5,017,237	\$ 4,263,428	\$ 3,666,018
State of New Jersey's Total Nonemployer OPEB Liability	21,182,289,882	17,999,781,235	15,477,574,697

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Township	\$ 3,517,570	\$ 4,263,428	\$ 5,211,055
State of New Jersey's Total Nonemployer OPEB Liability	14,850,840,718	17,999,781,235	22,000,569,109

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2021:

Collective Balances at December 31, 2021 and December 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 3,001,822,350	\$ 3,168,345,589
Collective Deferred Inflows of Resources	6,947,492,748	7,333,043,620
Collective Net OPEB Liability	17,999,781,235	17,946,612,946
 Township's Portion	 0.023686%	 0.023033%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2022	\$ (1,074,753,405)
2023	(1,076,167,210)
2024	(1,077,459,075)
2025	(769,416,743)
2026	(129,344,414)
Thereafter	<u>181,470,449</u>
	<u>\$ (3,945,670,398)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2020, the Program membership consisted of the following:

	<u>June 30, 2020</u>
Active Plan Members	64,243
Retirees Currently Receiving Benefits	<u>32,624</u>
Total Plan Members	<u>96,867</u>

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 10. Postemployment Benefits Other Than Pensions (continued)

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Service Cost	\$	846,075,674
Interest on the Total OPEB Liability		413,837,061
Change of Benefit Terms		2,029,119
Differences Between Expected and Actual Experience		(1,196,197,410)
Changes of Assumptions		339,165,715
Contributions From the Employer		(325,097,477)
Contributions From Non-Employer Contributing Entity		(37,777,433)
Net Investment Income		(201,343)
Administrative Expense		11,334,383
		<hr/>
Net Change in Total OPEB Liability		53,168,289
Total OPEB Liability (Beginning)		<hr/> 17,946,612,946
Total OPEB Liability (Ending)	\$	<hr/> <hr/> 17,999,781,235

*Note that the information presented above is in accordance with Local Finance Notice 2023-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Note 11. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Municipal Debt (continued)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 822,750.00	\$ 729,200.00	\$ 977,400.00
Total Debt Issued	822,750.00	729,200.00	977,400.00
 Authorized but not issued:			
General:			
Bonds, Notes and Loans	182,250.00	529,000.00	529,000.00
Total Authorized But Not Issued	182,250.00	529,000.00	529,000.00
Total Gross Debt	\$ 1,005,000.00	\$ 1,258,200.00	\$ 1,506,400.00
Total Net Debt	\$ 1,005,000.00	\$ 1,258,200.00	\$ 1,506,400.00

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 145,000.00	\$ 145,000.00	\$ -
Regional School Debt	1,796,797.48	1,796,797.48	-
General Debt	1,005,000.00	-	1,005,000.00
	\$ 2,946,797.48	\$ 1,941,797.48	\$ 1,005,000.00

Net Debt \$1,005,000.00 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$438,753,170, equals 0.229%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2022 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 15,356,360.95
Net Debt	1,005,000.00
Remaining Borrowing Power	\$ 14,351,360.95

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

On December 12, 2014, the Township issued \$1,700,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.0% to 2.5% and mature on December 1, 2023.

Principal and interest due on the outstanding bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 210,000.00	\$ 5,250.00	\$ 215,250.00
	<u>\$ 210,000.00</u>	<u>\$ 5,250.00</u>	<u>\$ 215,250.00</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2022:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2022</u>
Series 2022	10/24/2022	10/23/2023	4.00%	\$ 612,750.00
				<u>\$ 612,750.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

The Township had \$182,250.00 in bonds and notes authorized but not issued in the General Capital Fund at December 31, 2022.

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11. Municipal Debt (continued)

	Balance December 31, <u>2021</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2022</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 410,000.00	\$ -	\$ 200,000.00	\$ 210,000.00	\$ 210,000.00
Bond Anticipation Notes	319,200.00	612,750.00	319,200.00	612,750.00	612,750.00
Compensated Absences Payable	146,426.81	28,236.19	-	174,663.00	-
	<u>\$ 875,626.81</u>	<u>\$ 640,986.19</u>	<u>\$ 519,200.00</u>	<u>\$ 997,413.00</u>	<u>\$ 822,750.00</u>

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total Balance of Local Tax	\$ 1,669,358.07	\$ 1,660,589.99
Deferred Taxes	<u>1,162,172.00</u>	<u>1,162,172.00</u>
Local Tax Payable	<u>\$ 507,186.07</u>	<u>\$ 498,417.99</u>
<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2022</u>	<u>2021</u>
Total Balance of Regional Tax	\$ 153,243.98	\$ 153,036.89
Deferred Taxes	<u>-</u>	<u>-</u>
Regional Tax Payable	<u>\$ 153,243.98</u>	<u>\$ 153,036.89</u>

Note 13. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 14. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township’s liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$174,663.00 at December 31, 2022.

Note 15. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability

The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2022 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township is a member of the Gloucester County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also 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 County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a general liability limit of \$100,000 under JIF, which increases to \$10,000,000 under MEL.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed 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, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Interest Earned</u>	<u>Ending Balance</u>
2022	\$ 12,212.60	\$ 364.74	\$ 85,358.51
2021	19,730.99	260.39	72,781.17
2020	-	158.10	52,789.79

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 16. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2022, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2022.

Note 17. Right of Use Assets

The Township has identified right of use assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The Township has determined the other charges and amortization to be immaterial and has elected to record the Right of Use Assets at their remaining liability payments.

The Township has identified the following right of use assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Police Vehicles	\$ 156,118.85	\$ 35,725.05	\$ 82,980.87	\$ 108,863.03
Right of use assets, net	<u>\$ 156,118.85</u>	<u>\$ 35,725.05</u>	<u>\$ 82,980.87</u>	<u>\$ 108,863.03</u>

Note 18. Labor Contracts

As of December 31, 2022, the Township had a total of 11 employees represented by a union, The Police Benevolent Association of New Jersey, Gloucester County, Local No. 122. The union agreement that covers all full-time Patrolmen and Sergeants is in effect until December 31, 2023. The agreement that covers Lieutenants and Captains is in effect until December 31, 2023.

**TOWNSHIP OF ELK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 19. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2022 and August 30, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Township that would require disclosure.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>CURRENT</u>	<u>GRANTS</u>
Balance December 31, 2021	\$ 5,783,924.13	\$ 1,727.32
Tax Collector	\$ 14,200,459.95	\$ -
Due from State - Senior Citizens & Vets	36,707.54	-
Revenue Accounts Receivable	677,934.86	-
Miscellaneous Revenue Not Anticipated	257,839.30	-
Budget Appropriation Refunds	91,947.36	-
Reserve Appropriation Refunds	3,000.12	-
Investment in Bond Anticipation Notes	319,200.00	-
Marriage License Fees	125.00	-
DCA Inspections Fees	10,326.00	-
Reserve for Street Openings	14,450.00	-
Reserve for Local Fiscal Recovery Funds	218,390.94	-
Reserve for Municipal Relief Fund	18,899.76	-
Payroll Taxes Payable	2,566.19	-
Due from Animal Control Fund	8,123.82	-
Due from Trust - Other	460.04	-
Due to Trust - Other - Off-Duty Police	38,100.00	-
Due to Federal and State Grant Funds:		
Unappropriated Reserve	2,420.06	-
Grants Receivable	520,398.03	-
Due to Current Fund	-	8.65
	<u>16,421,348.97</u>	<u>8.65</u>
Subtotal	<u>22,205,273.10</u>	<u>1,735.97</u>
Decreased by Disbursements:		
2022 Appropriations	4,217,520.39	-
2021 Appropriation Reserves	163,355.39	-
County Taxes	2,991,371.25	-
Due County for Added & Omitted Taxes	17,291.87	-
Regional High School District Tax	3,936,657.91	-
Local District School Tax	3,573,009.92	-
Marriage License Fees	275.00	-
DCA Inspections Fees	10,587.00	-
Investment in Bond Anticipation Notes	612,750.00	-
Reserve for Street Openings	6,844.00	-
Tax Overpayments	20,258.65	-
Payroll Taxes Payable	12,840.20	-
Refund of Prior Year Revenue	1,712.08	-
Due from Federal and State Grant Fund	8.65	-
Due to Trust - Other - Off-Duty Police	19,696.78	-
Due to General Capital Fund	20,000.00	-
Due to Federal and State Grant Funds - Appropriated	863,292.06	-
Total Disbursements	<u>16,467,471.15</u>	<u>-</u>
Balance December 31, 2022	<u>\$ 5,737,801.95</u>	<u>\$ 1,735.97</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$	-
Increased by:			
Taxes Receivable	\$ 13,863,204.56		
Tax Title Lien Receivable	25,169.36		
Revenue Accounts Receivable	97,426.50		
2023 Prepaid Taxes	214,659.53		14,200,459.95
			14,200,459.95
Decreased by:			
Payments to Treasurer			14,200,459.95
Balance December 31, 2022		\$	-

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Office:			
Municipal Clerk		\$	50.00
Tax Collector			100.00
			150.00
Total		\$	150.00

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2022**

YEAR	BALANCE DECEMBER 31, 2021	2022 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	(REMITTED)/ CANCELLED	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2022
				2021	2022				
1998	\$ 1,403.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,403.93
2001	280.48	-	-	-	-	-	-	-	280.48
2003	1,202.88	-	-	-	-	-	-	-	1,202.88
2016	1,573.79	-	-	-	-	-	-	-	1,573.79
2017	163.67	-	-	-	-	-	-	-	163.67
2018	168.05	-	-	-	-	-	-	-	168.05
2019	171.22	-	-	-	-	-	-	-	171.22
2020	826.24	-	-	-	649.55	-	-	-	176.69
2021	450,411.01	-	-	-	442,683.17	(2,042.46)	-	9,591.88	178.42
Total	456,201.27	-	-	-	443,332.72	(2,042.46)	-	9,591.88	5,319.13
2022	-	13,988,750.60	138,302.55	235,039.85	13,395,104.62	37,750.00	23,870.73	87,136.93	348,151.02
Total	\$ 456,201.27	\$ 13,988,750.60	\$ 138,302.55	\$ 235,039.85	\$ 13,838,437.34	\$ 35,707.54	\$ 23,870.73	\$ 96,728.81	\$ 353,470.15

Cash Receipts	\$ 13,863,204.56
Overpayments Applied	18,191.04
Overpayments Created	(42,958.26)
Total	\$ 13,838,437.34

ANALYSIS OF 2022 PROPERTY TAX LEVY

General Purpose Tax	\$ 13,988,750.60
Added & Omitted Taxes	138,302.55
Total	\$ 14,127,053.15
TAX LEVY:	
Local District School Tax	\$ 3,581,778.00
Regional High School District Tax	3,936,865.00
County Taxes:	
General County Tax	\$ 2,653,772.24
County Library Tax	180,418.67
County Open Space	157,180.34
Due County for Added & Omitted Taxes	29,628.87
Local Tax for Municipal Purposes	3,471,578.38
Add: Additional Tax Levied	115,831.65
Total	\$ 14,127,053.15

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 891,313.84
Increased by:		
Transfers from Taxes Receivable	\$ 96,728.81	
Tax Sale & Int and Cost	1,645.20	98,374.01
		<hr/>
Subtotal		989,687.85
Decreased by:		
Lien Payments Received		<hr/> 25,169.36
Balance December 31, 2022		<u><u>\$ 964,518.49</u></u>

**SCHEDULE OF (TO)/DUE FROM STATE OF NJ
VETERAN AND SENIOR CITIZEN DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ (10,074.19)
Increased by:		
Senior Citizen & Veterans Deductions Per Tax Billings	\$ 35,250.00	
Deductions Allowed by Tax Collector - 2022 Taxes	2,750.00	
Deductions Disallowed by Tax Collector - 2022 Taxes	(250.00)	
Deductions Disallowed by Tax Collector - Prior Year Taxes	(2,042.46)	35,707.54
		<hr/>
Subtotal		25,633.35
Decreased by:		
Cash Receipts		<hr/> 36,707.54
Balance December 31, 2022		<u><u>\$ (11,074.19)</u></u>

**ANALYSIS OF FORECLOSED PROPERTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2022 and 2021		<u><u>\$ 656,730.00</u></u>
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**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	ACCRUED IN 2022	REALIZED	BALANCE DECEMBER 31, 2022
Fines & Costs:				
Municipal Court	\$ 3,937.58	\$ 52,222.93	\$ 52,519.24	\$ 3,641.27
Interest & Costs on Taxes	-	97,426.50	97,426.50	-
Energy Receipts Tax	-	362,315.00	362,315.00	-
Uniform Construction Code				
Fees & Permits	-	150,438.00	150,438.00	-
Interlocal Agreement				
School Resource Officer	-	107,100.00	107,100.00	-
TRICO JIF Safety Incentive Program	-	3,687.62	3,687.62	-
TRICO JIF Cyber Risk	-	1,500.00	1,500.00	-
TRICO JIF Wellness Incentive Grant	-	375.00	375.00	-
	<hr/>			
Total Miscellaneous Revenues	<u>\$ 3,937.58</u>	<u>\$ 775,065.05</u>	<u>\$ 775,361.36</u>	<u>\$ 3,641.27</u>

Cash Receipts - Collector	\$ 677,934.86
Cash Receipts	<u>97,426.50</u>
	<u><u>\$ 775,361.36</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

OPERATIONS	BALANCE		BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
	DECEMBER 31, 2021 RESERVED	ENCUMBERED			
Salaries and Wages:					
Police	\$ 177,228.80	\$ -	\$ 177,228.80	\$ 11,994.27	\$ 165,234.53
Equipment Maintenance:					
General Administration	2,032.94	-	2,032.94	962.34	1,070.60
Other Expenses:					
General Administration	3,911.74	-	3,911.74	2,486.00	1,425.74
Mayor and Township Committee	1,508.00	12.00	1,520.00	12.00	1,508.00
Municipal Clerk	14,289.38	-	14,289.38	89.37	14,200.01
Financial Administration	17,076.57	-	17,076.57	993.44	16,083.13
Legal Services and Costs	13,428.05	1,724.39	15,152.44	(255.04)	15,407.48
Engineering Services and Costs	13,880.43	-	13,880.43	9,062.00	4,818.43
Planning Board	29,853.77	12.00	29,865.77	2,186.50	27,679.27
Police	14,983.93	54,945.96	69,929.89	40,034.47	29,895.42
Uniform Fire Safety Act (PL 1983, C 383):	1,000.00	-	1,000.00	-	1,000.00
Aid to Volunteer Fire	21,416.96	13,875.00	35,291.96	-	35,291.96
Road Repair and Maintenance	31,862.23	2,688.53	34,550.76	2,688.53	31,862.23
Vehicle Maintenance	42,495.58	1,258.81	43,754.39	982.67	42,771.72
Solid Waste Collection	7,991.85	22,333.33	30,325.18	29,038.45	1,286.73
Public Buildings and Grounds	10,948.98	115.00	11,063.98	335.00	10,728.98
Registrar of Vital Statistics	316.50	31.50	348.00	31.50	316.50
County Landfill Tipping Fees	56,539.42	-	56,539.42	6,547.54	49,991.88
Recycling Tipping Fees	38,001.83	-	38,001.83	1,988.77	36,013.06
Electricity	17,758.55	-	17,758.55	3,110.21	14,648.34
Telephone	3,549.74	434.56	3,984.30	434.56	3,549.74
Hydrants	1,187.53	-	1,187.53	465.84	721.69
Gasoline	11,306.27	-	11,306.27	2,776.64	8,529.63
Public Defender	1,928.00	100.00	2,028.00	100.00	1,928.00
Social Security System (OASI)	17,833.77	-	17,833.77	917.55	16,916.22
Recycling Tax	3,847.91	-	3,847.91	482.07	3,365.84
Franklin Township - Muni. Alliance	1,536.00	-	1,536.00	1,536.00	-
Municipal Court - Elk Joint	7,772.08	170.00	7,942.08	464.99	7,477.09
Construction Official	4,428.51	47.97	4,476.48	153.35	4,323.13
Improvements to Municipal Roads	49,415.81	318.80	49,734.61	40,736.25	8,998.36
All Other Accounts - No Changes	292,861.03	-	292,861.03	-	292,861.03
Grand Total All Appropriations	\$ 912,192.16	\$ 98,067.85	\$ 1,010,260.01	\$ 160,355.27	\$ 849,904.74

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 98,067.85
Increased by:	
2022 Appropriations	<u>41,484.16</u>
	139,552.01
Decreased by:	
Transferred to 2021 Appropriations Reserves	<u>98,067.85</u>
Balance December 31, 2022	<u><u>\$ 41,484.16</u></u>

**SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance, December 31, 2021 (2022 Taxes)	\$ 235,039.85
Increased by:	
Collections - 2023 Taxes	<u>214,659.53</u>
	449,699.38
Decreased by:	
Transferred to Overpayments	\$ 372.95
Application to 2022 Taxes Receivable	<u>235,039.85</u>
	<u>235,412.80</u>
Balance, December 31, 2022 (2023 Taxes)	<u><u>\$ 214,286.58</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 28,073.90
Increased by:	
Transferred from Prepaid Taxes	\$ 372.95
Overpayments Created	<u>42,958.26</u>
	43,331.21
Subtotal	71,405.11
Decreased by:	
Overpayments Applied to Taxes	18,191.04
Refunded	<u>20,258.65</u>
	<u>38,449.69</u>
Balance December 31, 2022	<u><u>\$ 32,955.42</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		
School Tax Payable	\$ 498,417.99	
Deferred School Tax Payable	<u>1,162,172.00</u>	
		\$ 1,660,589.99
Increased by:		
Levy - School Year July 1, 2022 - June 30, 2023		<u>3,581,778.00</u>
Subtotal		5,242,367.99
Decreased by:		
Disbursements		<u>3,573,009.92</u>
Balance December 31, 2022		
School Tax Payable	507,186.07	
Deferred School Tax Payable	<u>1,162,172.00</u>	
		<u>\$ 1,669,358.07</u>
 <u>2022 Liability for Local District Tax:</u>		
Tax Paid		\$ 3,573,009.92
Tax Payable December 31, 2022		<u>507,186.07</u>
		4,080,195.99
Less:		
Tax Payable December 31, 2021		<u>498,417.99</u>
Amount Charged to 2022 Operations		<u>\$ 3,581,778.00</u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAX
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	
School Tax Payable	\$ 153,036.89
Increased by:	
Levy - School Year July 1, 2022 - June 30, 2023	<u>3,936,865.00</u>
Subtotal	4,089,901.89
Decreased by:	
Disbursements	<u>3,936,657.91</u>
Balance December 31, 2022	
School Tax Payable	<u><u>\$ 153,243.98</u></u>
 <u>2022 Liability for Local District Tax:</u>	
Tax Paid	\$ 3,936,657.91
Tax Payable December 31, 2022	<u>153,243.98</u>
	4,089,901.89
Less:	
Tax Payable December 31, 2021	<u>153,036.89</u>
Amount Charged to 2022 Operations	<u><u>\$ 3,936,865.00</u></u>

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$	-
Increased by:			
County Tax	\$	2,653,772.24	
County Library Tax		180,418.67	
County Open Space Tax		157,180.34	2,991,371.25
			<hr/>
Subtotal			2,991,371.25
Decreased by:			
Disbursements			<hr/>
			2,991,371.25
Balance December 31, 2022		\$	<hr/> <hr/>

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$	17,291.87
Increased by:			
County Share of 2022 Added Taxes			<hr/>
			29,628.87
Subtotal			46,920.74
Decreased by:			
Disbursements			<hr/>
			17,291.87
Balance December 31, 2022		\$	<hr/> <hr/>
			29,628.87

**TOWNSHIP OF ELK
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 400.00
Increased by:	
Cash Receipts	<u>125.00</u>
Subtotal	525.00
Decreased by:	
Cash Disbursements	<u>275.00</u>
Balance December 31, 2022	<u><u>\$ 250.00</u></u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
DCA INSPECTION FEES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 2,227.00
Increased by:	
Cash Receipts	<u>10,326.00</u>
Subtotal	12,553.00
Decreased by:	
Cash Disbursements	<u>10,587.00</u>
Balance December 31, 2022	<u><u>\$ 1,966.00</u></u>

**TOWNSHIP OF ELK
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	ACCRUED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2022
State Grants:					
2019 Municipal Aid Program - Stanger Ave.	\$ 19,688.45	\$ -	\$ -	\$ -	\$ 19,688.45
DOT - Local Freight Impact	625,000.00	-	276,044.91	-	348,955.09
DOT - Ewan Road	288,750.00	-	146,715.93	-	142,034.07
Clean Communities	-	12,187.88	12,187.88	-	-
Body Armor	-	972.07	972.07	-	-
Recycling Tonnage Grant	0.60	8,178.42	8,178.42	0.60	-
Delaware Valley Reg. Planning Commission	64,093.37	-	39,152.82	-	24,940.55
Police Body Worn Cameras	34,646.00	-	34,646.00	-	-
Sustainable NJ	-	5,000.00	2,500.00	-	2,500.00
DOT - Parking Lot	-	175,000.00	-	-	175,000.00
DOT - Moods Road	-	240,000.00	-	-	240,000.00
DOT - Moods Road - Phase II	-	175,000.00	-	-	175,000.00
Federal Grants:					
U Text U Drive U Pay	2,200.00	-	-	-	2,200.00
Drive Sober	-	1,440.00	1,440.00	-	-
	<u>\$ 1,034,378.42</u>	<u>\$ 617,778.37</u>	<u>\$ 521,838.03</u>	<u>\$ 0.60</u>	<u>\$ 1,130,318.16</u>

Cash Receipts	\$ 520,398.03
Unappropriated Reserves	<u>1,440.00</u>
Total	<u>\$ 521,838.03</u>

**TOWNSHIP OF ELK
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	CASH RECEIPTS	REALIZED AS REVENUE IN 2022 BUDGET	BALANCE DECEMBER 31, 2022
State Grants:				
Police Body Armor	\$ -	\$ 1,198.32	\$ -	\$ 1,198.32
Federal Grants:				
Drive Sober or Get Pulled Over	1,440.00	-	1,440.00	-
Community Development Block Grant	-	1,221.74	-	1,221.74
	<hr/>			
Total All Grant	<u>\$ 1,440.00</u>	<u>\$ 2,420.06</u>	<u>\$ 1,440.00</u>	<u>\$ 2,420.06</u>

**TOWNSHIP OF ELK
FEDERAL AND STATE GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BALANCE DECEMBER 31, 2021	TRANSFER FROM 2022 BUDGET	TRANSFER FROM 2021	EXPENDED	ENCUMBERED	BALANCE DECEMBER 31, 2022
State Grants:						
Alcohol Rehabilitation Grant	\$ 16,177.88	\$ -	\$ -	\$ -	\$ -	\$ 16,177.88
Clean Communities	46,154.28	12,187.88	-	5,210.50	1,770.00	51,361.66
Drunk Driving Enforcement Fund	4,886.73	-	-	2,100.00	-	2,786.73
Police Body Armor	223.49	972.07	-	1,195.56	-	-
Stormwater Regulation Program	6,250.00	-	-	-	-	6,250.00
Recycling Tonnage Grant	57,248.85	8,178.42	-	-	25,673.50	39,753.77
Transportation Trust Fund - Railroad Avenue	25,602.04	-	-	-	-	25,602.04
DOT Local Freight Impact Fund	546,388.29	-	-	382,670.76	-	163,717.53
DOT Ewan Road	225,000.00	-	-	224,004.84	-	995.16
Solid Waste Grant	7,159.00	-	-	-	-	7,159.00
Delaware Valley Reg. Planning Commission	60,511.70	-	-	48,360.90	-	12,150.80
Police Body Worn Cameras	-	-	34,646.00	15,404.00	19,242.00	-
Sustainable NJ	-	5,000.00	-	-	-	5,000.00
DOT - Parking Lot	-	175,000.00	-	4,145.50	-	170,854.50
DOT - Moods Road	-	240,000.00	-	-	-	240,000.00
DOT - Moods Road - Phase II	-	175,000.00	-	175,000.00	-	-
Federal Grants:						
Click It or Ticket	3,400.00	-	-	3,400.00	-	-
Drive Sober or Get Pulled Over	360.00	1,440.00	-	1,800.00	-	-
Local Grants:						
Delaware Valley Reg. Planning Commission - Match	19,250.00	-	-	-	-	19,250.00
Total All Grants	\$ 1,018,612.26	\$ 617,778.37	\$ 34,646.00	\$ 863,292.06	\$ 46,685.50	\$ 761,059.07

TRUST FUND

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**TOWNSHIP OF ELK
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Dog Licenses	Open Space Preservation	Trust Other - Collector	Trust Other
Balance December 31, 2021	\$ 16,803.62	\$ 198,058.69	\$ 181,308.60	\$ 1,209,028.36
Increased by Receipts:				
Animal Control	\$ 3,619.80	\$ -	\$ -	\$ -
Dog Registration Fees - Due State of New Jersey	613.20	-	-	-
Trust Other Reserves	-	-	370,991.94	385,694.95
Interest Due to Current Fund	90.44	-	1,034.37	-
Interest Earnings	-	992.57	-	-
Total Increases	<u>4,323.44</u>	<u>992.57</u>	<u>372,026.31</u>	<u>385,694.95</u>
Total Increases & Balances	<u>21,127.06</u>	<u>199,051.26</u>	<u>553,334.91</u>	<u>1,594,723.31</u>
Dog Registration Fees - Due State of New Jersey	613.80	-	-	-
Statutory Expenditures	1,979.29	-	-	-
Trust Other Reserves	-	-	281,565.34	139,359.07
Due to Current Fund	10,650.97	-	1,370.85	16.93
Total Disbursements	<u>13,244.06</u>	<u>-</u>	<u>282,936.19</u>	<u>139,376.00</u>
Balance December 31, 2022	<u>\$ 7,883.00</u>	<u>\$ 199,051.26</u>	<u>\$ 270,398.72</u>	<u>\$ 1,455,347.31</u>

**TOWNSHIP OF ELK
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 8,667.20
Increased by:		
Receipts:		
Dog License Fees		<u>3,619.80</u>
Subtotal		12,287.00
Decreased by:		
Dog License Expenses	\$ 1,979.29	
Statutory Excess Due to Current Fund	<u>2,436.71</u>	
		<u>4,416.00</u>
Balance December 31, 2022		<u><u>\$ 7,871.00</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2021	\$ 3,924.40
2020	<u>3,946.60</u>
Total	<u><u>\$ 7,871.00</u></u>

**SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 12.60
Increased by:		
Registration Fees Collected		<u>613.20</u>
		625.80
Decreased by:		
Disbursements		<u>613.80</u>
Balance December 31, 2022		<u><u>\$ 12.00</u></u>

**TOWNSHIP OF ELK
TRUST OTHER FUND
SCHEDULE OF TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

PURPOSE	BALANCE DECEMBER 31, 2021	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2022
Premiums Received at Tax Sale	\$ 174,100.00	\$ 156,600.00	\$ 68,100.00	\$ 262,600.00
Deposits for Redemptions of Liens	6,748.56	214,391.94	213,465.34	7,675.16
Unemployment Compensation	72,781.17	12,577.34	-	85,358.51
Forfeited Funds	1,599.04	274.02	-	1,873.06
Accumulated Absence	52,616.95	15,000.00	-	67,616.95
Public Defender	11,819.62	75.00	-	11,894.62
Affordable Housing	434,192.44	87,171.49	-	521,363.93
Storm Recovery	58,400.00	15,000.00	-	73,400.00
Recreation	23,445.89	-	-	23,445.89
Developer's Escrow	554,156.32	255,597.10	139,359.07	670,394.35
Off-Duty Police	484,758.52	38,100.00	19,696.78	503,161.74
Total	\$ 1,874,618.51	\$ 794,786.89	\$ 440,621.19	\$ 2,228,784.21

Cash Receipts & Disbursements	\$ 385,694.95	\$ 139,359.07
Cash Receipts & Disbursements - Collector	370,991.94	281,565.34
Due from Current Fund - Off-Duty Police	38,100.00	19,696.78
	<u>\$ 794,786.89</u>	<u>\$ 440,621.19</u>

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GENERAL CAPITAL FUND

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**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021		\$ 249,695.19
Increased by Receipts:		
Due to Current Fund - Interest Earnings	\$ 1,291.03	
Bond Anticipation Notes	612,750.00	
Capital Improvement Fund	20,000.00	
Due from Current Fund	20,000.00	
Due from Current Fund - BAN Paydown	53,200.00	707,241.03
Subtotal		956,936.22
Decreased by Disbursements:		
Due to Current Fund - Interest Earnings	1,291.03	
Bond Anticipation Notes	319,200.00	
Improvement Authorizations	16,495.00	336,986.03
Balance December 31, 2022		<u>\$ 619,950.19</u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2022**

Fund Balance	\$ 501.00
Capital Improvement Fund	109,813.95
Encumbrances Payable	16,495.00
Reserve for Purchase of Fire Equipment	1,887.24
Reserve for Installation of Traffic Signals	12,000.00
Reserve for Improvements to Municipal Roads	183,029.96

Improvement Authorizations:

ORDINANCE

NUMBER	DESCRIPTION	
1998-04	Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	2,568.64
2006-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	78.19
2007-18	Purchase of Fire Truck	8,388.35
2007-19	Reconstruction of Streets & Park Improvements	114,111.47
2007-20	Purchase of Passenger Bus	49,832.40
2010-46	Purchase of Recycling Carts	4,417.90
2011-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System	8,185.00
2011-13	Reconstruction of a Portion of Moods Road & Related Drainage System	77,770.95
2013-06	Purchase of Police Vehicle, Police Equipment, and Various Computer Equipment	9,849.22
2013-11	Reconstruction of Storm Drains	1,637.00
2014-01	Purchase of Sound Recording Equipment and Public Works Lawnmower	2,516.48
2014-05	Various Road and Drainage Improvements	5,435.98
2015-12	Acquisition of Various Capital Equipment	(128,081.64)
2016-04	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	50,493.79
2017-03	Acquisition of a Fire Truck & Related Equipment	397.11
2020-04	Completion of Various Improvements to Stormwater Drainage System	29,316.62
2020-06	Acquisition of Heavy Duty Trash Receptacles	7,295.58
2022-09	Acquisition of Electronic Sign	2,010.00
2022-11	Municipal Parking Lot Restoration	50,000.00
	Total	<u>\$ 619,950.19</u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE	FUNDED	BALANCE	ANALYSIS OF BALANCE		
		DECEMBER 31, 2021		DECEMBER 31, 2022	BAN'S OUTSTANDING	UNEXPENDED BALANCE	EXPENDED BALANCE
2007-20	Purchase of Passenger Bus	\$ 47,500.00	\$ -	\$ 47,500.00	\$ -	\$ 47,500.00	\$ -
2010-46	Purchase of Recycling Carts	1,750.00	-	1,750.00	-	1,750.00	-
2015-12	Acquisition of Various Capital Equipment	133,000.00	-	133,000.00	-	4,918.36	128,081.64
2016-04	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	133,000.00	-	133,000.00	133,000.00	-	-
2017-03	Acquisition of a Fire Truck and Related Equipme	319,200.00	53,200.00	266,000.00	266,000.00	-	-
2020-04	Completion of Various Improvements to Stormwater Drainage System	104,500.00	-	104,500.00	104,500.00	-	-
2020-06	Acquisition of Heavy Duty Trash Recepticles	109,250.00	-	109,250.00	109,250.00	-	-
Total		\$ 848,200.00	\$ 53,200.00	\$ 795,000.00	\$ 612,750.00	\$ 54,168.36	\$ 128,081.64

Paydown of BANs \$ 53,200.00

\$ 53,200.00

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 410,000.00
Decreased by:	
Budget Appropriations:	
Serial Bonds Payable	<u>200,000.00</u>
Balance December 31, 2022	<u><u>\$ 210,000.00</u></u>

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Balance December 31, 2021	\$ 174,813.95
Increased by:	
Budget Appropriation	<u>20,000.00</u>
Subtotal	194,813.95
Decreased by:	
Down Payment for Improvement Authorizations	<u>85,000.00</u>
Balance December 31, 2022	<u><u>\$ 109,813.95</u></u>

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2021		2022 AUTHORIZATIONS	EXPENDED	BALANCE DECEMBER 31, 2022	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
1998-04	Acquisition of Land, Various Improvements to Municipal Buildings & Grounds, Acquisition of Certain Capital Equipment	6/4/1998	\$ 198,030.00	\$ 2,568.64	\$ -	\$ -	\$ -	\$ 2,568.64	\$ -
2006-04	Restoration of Certain Streets - Third & Stanger Avenue & Arthur Avenue	6/19/2006	200,000.00	78.19	-	-	-	78.19	-
2007-18	Purchase of Fire Truck	12/6/2007	400,000.00	8,388.35	-	-	-	8,388.35	-
2007-19	Reconstruction of Streets & Park Improvements	12/6/2007	225,000.00	161,611.47	-	-	-	161,611.47	-
2007-20	Purchase of Passenger Bus	12/6/2007	50,000.00	2,332.40	47,500.00	-	-	2,332.40	47,500.00
2010-46	Purchase of Recycling Carts	2/2/2010	85,000.00	4,417.90	1,750.00	-	-	4,417.90	1,750.00
2011-12	Repair & Replacement of a Portion of the Elephant Swamp Trail & Related Drainage System	10/18/2011	150,000.00	8,185.00	-	-	-	8,185.00	-
2011-13	Reconstruction of a Portion of Moods Road & Related Drainage System	10/18/2011	150,000.00	77,770.95	-	-	-	77,770.95	-
2013-06	Purchase of Police Vehicle, Police Equipment, and Various Computer Equipment	8/20/2013	75,000.00	9,849.22	-	-	-	9,849.22	-
2013-11	Reconstruction of Storm Drains	11/19/2013	75,000.00	1,637.00	-	-	-	1,637.00	-
2014-01	Purchase of Sound Recording Equipment and Public Works Lawnmower	6/17/2014	17,000.00	2,516.48	-	-	-	2,516.48	-
2014-05	Various Road and Drainage Improvements	10/28/2014	335,000.00	5,435.98	-	-	-	5,435.98	-
2015-12	Acquisition of Various Capital Equipment	9/15/2015	140,000.00	-	4,918.36	-	-	-	4,918.36
2016-04	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	6/2/2016	140,000.00	-	50,493.79	-	-	-	50,493.79
2017-03	Acquisition of a Fire Truck & Related Equipment	8/3/2017	560,000.00	-	397.11	-	-	-	397.11
2020-04	Completion of Various Improvements to Stormwater Drainage System	9/3/2020	110,000.00	-	29,316.62	-	-	-	29,316.62
2020-06	Acquisition of Heavy Duty Trash Receipts	12/3/2020	115,000.00	-	7,295.58	-	-	-	7,295.58
2022-09	Acquisition of Electronic Sign	10/18/2022	35,000.00	-	-	35,000.00	32,990.00	2,010.00	-
2022-11	Municipal Parking Lot Restoration	12/20/2022	50,000.00	-	-	50,000.00	-	50,000.00	-
Total				\$ 284,791.58	\$ 141,671.46	\$ 85,000.00	\$ 32,990.00	\$ 336,801.58	\$ 141,671.46

Encumbered \$ 16,495.00
Cash Disbursements 16,495.00
\$ 32,990.00

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2022**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE		INCREASE	DECREASE	BALANCE DECEMBER 31, 2022
						DECEMBER 31, 2021	DECEMBER 31, 2022			
2017-3	Acquisition of Fire Truck	10/31/2018	10/25/2021 10/24/2022	10/24/2022 10/23/2023	0.50% 4.00%	\$ 319,200.00	\$ -	\$ 319,200.00	\$ -	\$ 266,000.00
2016-04	Acquisition of Various Capital Equipment and Completion of Various Capital Improvements	10/24/2022	10/24/2022	10/23/2023	4.00%	-	-	133,000.00	-	133,000.00
2020-04	Completion of Various Improvements to Stormwater Drainage System	10/24/2022	10/24/2022	10/23/2023	4.00%	-	-	104,500.00	-	104,500.00
2020-06	Acquisition of Heavy Duty Trash Receptacles	10/24/2022	10/24/2022	10/23/2023	4.00%	-	-	109,250.00	-	109,250.00
						<u>\$ 319,200.00</u>	<u>\$ 612,750.00</u>	<u>\$ 319,200.00</u>	<u>\$ 319,200.00</u>	<u>\$ 612,750.00</u>
						Paydown of BANs	\$ -	\$ 53,200.00		
						New Issuance	346,750.00	-		
						BANs Rolled Over	266,000.00	266,000.00		
						<u>\$ 612,750.00</u>	<u>\$ 319,200.00</u>			

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2021	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2022
				DECEMBER 31, 2022	AMOUNT				
General Improvement	12/12/2014	\$ 1,700,000.00	12/1/2023	\$ 210,000.00	2.50%	\$ 410,000.00	\$ 200,000.00	\$ 210,000.00	
						Total	\$ 410,000.00	\$ 200,000.00	\$ 210,000.00

**TOWNSHIP OF ELK
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2022**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2021	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2022
2007-19	Reconstruction of Streets and Park Improvements	\$ 47,500.00	\$ -	\$ 47,500.00
2010-46	Purchase of Recycling Carts	1,750.00	-	1,750.00
2015-12	Acquisition of Various Capital Improvements	133,000.00	-	133,000.00
2016-04	Acquisition of Various Capital Improvements and Completion of Various Capital Improvements	133,000.00	133,000.00	-
2020-04	Completion of Various Improvements to Stormwater Drainage System	104,500.00	104,500.00	-
2020-06	Acquisition of Heavy Duty Trash Receptacles	109,250.00	109,250.00	-
	Total	<u>\$ 529,000.00</u>	<u>\$ 346,750.00</u>	<u>\$ 182,250.00</u>

TOWNSHIP OF ELK

PART II

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

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

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 - regulatory basis of the Township of Elk, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 30, 2023. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
August 30, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Township of Elk's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Township's major State programs for the year ended December 31, 2022. The Township's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township of Elk complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended December 31, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; (NJ OMB Circular 15-08); and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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; NJ OMB Circular 15-08; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individual or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and NJ OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
August 30, 2023

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TOWNSHIP OF ELK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

STATE GRANTOR/PROGRAM OR CLUSTER	STATE GRANT/ PROJECT NUMBER	GRANT PERIOD FROM TO	STATE EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	CUMULATIVE EXPENDITURES
<u>Federal and State Grants Fund</u>					
N.J. Department of Environmental Protection: Municipality Road Mileage: Clean Communities	765-042-4900	Unavailable	\$ 5,210.50	-	\$ 5,210.50
Total Municipality Road Mileage			5,210.50	-	5,210.50
N.J. Department of Law and Public Safety: Division of Criminal Justice:					
Police Body Armor	718-066-1020	Unavailable	1,195.56	-	1,195.56
Police Body Worn Cameras	100-066-1020	Unavailable	15,404.00	-	15,404.00
Drunk Driving Enforcement Fund	Unavailable	Unavailable	2,100.00	-	2,100.00
Total Division of Criminal Justice			18,699.56	-	18,699.56
N.J. Department of Community Affairs: Delaware Valley Regional Planning Commission	Unavailable	Unavailable	48,360.90	-	64,849.20
Total Department of Community Affairs			48,360.90	-	64,849.20
N.J. Department of Transportation: Highway Planning and Construction:					
Local Freight Impact Fund	480-078-6320	Completion	382,670.76	-	461,282.47
Local Municipal Aid - Ewan Road	480-078-6320	Completion	224,004.84	-	479,004.84
Local Municipal Aid - Parking Lot	480-078-6320	Completion	4,145.50	-	4,145.50
Local Municipal Aid - Moods Road	480-078-6320	Completion	175,000.00	-	175,000.00
Total N.J. Department of Transportation			785,821.10	-	1,119,432.81
Total Federal and State Grants Fund			858,092.06	-	1,143,342.87
Total Expenditures of State Financial Assistance			\$ 858,092.06	-	\$ 1,143,342.87

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TOWNSHIP OF ELK
NOTES TO SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance presents the activity of all State award programs of the Township of Elk. The Township is defined in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (NJ OMB Circular 15-08). All State assistance received directly from State agencies, as well as State assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of state financial assistance is presented using the regulatory basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (NJ OMB Circular 15-08), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Township did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Note 3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Expenditures from awards are reported in the Township’s financial statements as follows:

	State	Total
State & Federal Grant Fund	\$ 858,092.06	\$ 858,092.06
Total	\$ 858,092.06	\$ 858,092.06

Note 4. Relationship to State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related State financial reports.

TOWNSHIP OF ELK
NOTES TO SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. Loans Outstanding

The Township had no loan balances outstanding at December 31, 2022.

Note 6. Contingencies

Each of the grantor agencies reserves the right to conduct additional audits of the Township's grant program for economy, efficiency and program results. However, the Township administration does not believe such audits would result in material amounts of disallowed costs.

Note 7. Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

TOWNSHIP OF ELK

PART III

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2022

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**TOWNSHIP OF ELK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Adverse - GAAP; <u>Unmodified - Regulatory Basis</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards - SECTION NOT APPLICABLE

Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes _____ no
2) Significant deficiency(ies) identified?	_____ yes _____ none reported
Type of auditor's report issued on compliance for major programs	_____
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	_____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs	_____
Auditee qualified as low-risk auditee?	_____ yes _____ no

**TOWNSHIP OF ELK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs \$ 750,000.00

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

 1) Material weakness(es) identified? _____ yes X no

 2) Significant deficiency(ies) identified? _____ yes X no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

480-078-6300

Highway Planning and Construction

**TOWNSHIP OF ELK
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Financial Statement Findings

No Current Year Findings

Federal Awards

N/A – No Federal Single Audit in current year.

State Financial Assistance

N/A – No State Single Audit in prior year.

TOWNSHIP OF ELK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

No Prior Year Findings

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

N/A – No State Single Audit in prior year.

TOWNSHIP OF ELK

PART IV

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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OFFICIALS IN OFFICE

The following officials were in office at December 31, 2022:

<u>Name</u>	<u>Title</u>
Carolyn King-Sammons	Mayor
Thomas Hollywood	Committee Member
Donna M. Nicholson	Deputy Mayor
Christine Cowan	Committee Member
James Rambo	Committee Member
Stephen P. Considine	Chief Financial Officer
Debra R. Pine	Municipal Clerk
Susan DeFrancesco	Tax Collector

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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

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 ended December 31, 2022.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$44,000 for the year ended December 31, 2022.

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.

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

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

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Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 6, 2022 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Elk, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Township Committee of the Township of Elk, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

None

RECOMMENDATIONS:

None

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Registered Municipal Accountant
RMA No. 473

Medford, New Jersey
August 30, 2023