

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

REPORT OF AUDIT

2005

*NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
REPORT OF AUDIT
2005

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TOWN OF PHILLIPSBURG

PART I

REPORT ON AUDIT

AND FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2005



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Independent Auditors' Report

The Honorable Mayor and Members
 of the Town Council
 Town of Phillipsburg
 Phillipsburg, New Jersey

We have audited the financial statements of the various funds of the Town of Phillipsburg in the County of Warren (the "Town") as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Town prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town as of December 31, 2005 and 2004, and the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Town at December 31, 2005 and 2004, and the results of operations and changes in fund balances, where applicable, of such funds thereof for the years then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

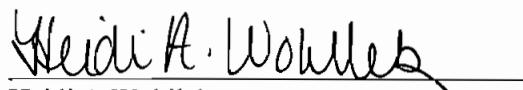
The Honorable Mayor and Members
of the Town Council
Town of Phillipsburg
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In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2006, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of federal and state awards are also presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and are not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of federal and state awards.

Randolph, New Jersey
February 9, 2006

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb
Registered Municipal Accountant No. 481
Certified Public Accountant

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$3,930,392.13	\$3,706,013.23
Cash - Collector	A-5	55,858.91	45,953.14
Cash - Clerk	A-5a	5,539.38	3,873.95
Change Funds		1,050.00	1,050.00
		<u>3,992,840.42</u>	<u>3,756,890.32</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	611,878.77	634,433.21
Tax Title Liens Receivable	A-8	86,680.64	162,283.68
Property Acquired for Taxes at Assessed Valuation		564,400.00	376,925.00
Municipal Lien Charges Receivable		59,460.53	37,065.20
Municipal Charges Receivable		9,005.28	48,298.23
Revenue Accounts Receivable	A-9	21,067.25	16,399.60
Due from:			
Federal and State Grant Fund	A	277,200.09	237,955.44
Animal Control Fund	B	4,759.15	
Other Trust Funds	B	69.28	
General Capital Fund	C	1,978.31	729.68
Claims Account		40.84	19.44
Payroll Accounts		14.22	10.09
Total Receivables and Other Assets With Full Reserves	A	<u>1,636,554.36</u>	<u>1,514,119.57</u>
Total Regular Fund		<u>5,629,394.78</u>	<u>5,271,009.89</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	2,293,082.51	2,107,651.97
		<u>2,293,082.51</u>	<u>2,107,651.97</u>
<u>TOTAL ASSETS</u>		<u>\$7,922,477.29</u>	<u>\$7,378,661.86</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2005	2004
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 851,802.44	\$ 755,879.92
Encumbered	A-3;A-11	133,264.14	177,342.58
Total Appropriation Reserves		<u>985,066.58</u>	<u>933,222.50</u>
Accounts Payable	A-11	126,079.01	
Prepaid Taxes		104,331.51	117,157.67
Tax Overpayments			779.51
County Taxes Payable		11,891.10	11,966.24
Local School Taxes Payable	A-12	128,256.00	99,786.00
Due to:			
Animal Control Fund	B		34.20
Other Trust Funds	B		858.37
Sewer Utility Operating Fund	E		1,385.16
State of New Jersey:			
Senior Citizen and Veteran Deductions		43,895.04	36,880.18
Marriage License Fees		350.00	725.00
Dog License Fees			2.40
Reserve for:			
Library		417,981.17	437,072.03
Sale of Municipal Assets		62,992.90	270,303.90
Garden State Trust		1,876.16	1,646.19
Tax Sale Premiums		201,450.00	88,750.00
2005 Federal Emergency Management Agency			
Flooding Reimbursement		136,850.54	
Redemption of Outside Liens		1,253.09	5,421.99
Revaluation		22,044.52	22,044.52
		<u>2,244,317.62</u>	<u>2,028,035.86</u>
Reserve for Receivables and Other Assets	A	1,636,554.36	1,514,119.57
Fund Balance	A-1	1,748,522.80	1,728,854.46
Total Regular Fund		<u>5,629,394.78</u>	<u>5,271,009.89</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		<u>2005</u>	<u>2004</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Federal and State Grant Fund:			
Appropriated Reserves	A-13	\$1,993,937.42	\$1,861,126.72
Unappropriated Reserves	A-14	21,945.00	6,144.26
Due to Current Fund	A	277,200.09	237,955.44
Due to Other Trust Funds	B		2,425.55
Total Federal and State Grant Fund		<u>2,293,082.51</u>	<u>2,107,651.97</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$7,922,477.29</u>	<u>\$7,378,661.86</u>

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

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2005	2004
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,365,000.00	\$ 1,200,000.00
Miscellaneous Revenue Anticipated		6,139,264.73	5,548,313.61
Receipts from:			
Delinquent Taxes		635,011.08	537,131.55
Current Taxes		17,834,972.15	16,730,174.34
Nonbudget Revenue		258,741.65	294,941.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		322,958.72	557,627.11
Cancellation of Appropriated Grant Reserves		66,001.38	15,000.00
Cancellation of Tax Overpayments		548.89	43.94
Interfunds and Other Receivables Returned		238,714.65	369,346.63
Total Income		<u>26,861,213.25</u>	<u>25,252,578.91</u>
<u>Expenditures</u>			
Budget Appropriations		14,342,114.17	13,226,499.96
County Taxes		4,439,864.70	4,035,093.11
County Share of Added and Omitted Taxes		11,891.10	11,966.24
Local School District Taxes		6,354,522.00	6,341,055.00
Refund of Prior Year Revenue			103.42
Refund of Prior Year Taxes		18,420.00	
Prior Year Senior Citizens' Deductions Disallowed		5,068.05	5,377.39
Cancellation of Federal and State Grant Fund Receivables		20,603.00	
Interfunds and Other Receivables Advanced		284,061.89	238,714.65
Total Expenditures		<u>25,476,544.91</u>	<u>23,858,809.77</u>
Excess in Revenue		1,384,668.34	1,393,769.14
Balance January 1		1,728,854.46	1,535,085.32
		<u>3,113,522.80</u>	<u>2,928,854.46</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>1,365,000.00</u>	<u>1,200,000.00</u>
Balance December 31	A	<u>\$ 1,748,522.80</u>	<u>\$ 1,728,854.46</u>

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

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,365,000.00		\$ 1,365,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	35,000.00		37,550.00	\$ 2,550.00
Other	12,000.00		14,167.00	2,167.00
Fees and Permits	112,000.00		110,565.50	1,434.50 *
Fines and Costs:				
Municipal Court	245,000.00		221,161.08	23,838.92 *
Interest and Costs on Taxes	120,000.00		196,034.41	76,034.41
Interest on Investments and Deposits	30,000.00		94,640.11	64,640.11
Payment in Lieu of Taxes - Federal				
Housing Project	82,000.00		93,756.63	11,756.63
Payment in Lieu of Taxes - Sewage				
Treatment	77,000.00		77,796.40	796.40
Legislative Initiative Municipal Block Grant	68,948.00		68,948.00	
Consolidated Municipal Property Tax Relief Aid	1,604,177.00		1,604,177.00	
Energy Receipts Tax	796,151.00		796,151.00	
Supplemental Energy Receipts Taxes	32,448.00		32,448.00	
Payment in Lieu of Taxes - Garden State Trust	1,646.19		1,646.19	
Homeland Security Police Assistance Aid Program	70,000.00		70,000.00	
Uniform Construction Code Fees	162,000.00		244,266.00	82,266.00
NJ Transportation Trust Fund Authority Act	141,000.00		141,000.00	
Recycling Grant	6,144.26		6,144.26	
Green Communities Program	2,000.00	\$ 2,000.00	4,000.00	
Municipal Alliance on Alcoholism and Drug Abuse:				
State	11,760.00		11,760.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
Municipal Alliance on Alcoholism and Drug Abuse:				
Board of Education	\$ 2,500.00		\$ 2,500.00	
United Way of Warren County		\$ 2,500.00	2,500.00	
NJ Department of Transportation "Gateway to Phillipsburg" Grant				
	300,000.00		300,000.00	
Waterfront Development Professional Fees	10,000.00		10,000.00	
Emergency Management Grant	4,000.00		4,000.00	
Body Armor Replacement Grant	3,446.62		3,446.62	
Urban Enterprise Projects:				
Website Administration	12,000.00		12,000.00	
Hi Qu Italian American Stone Co. Loan	150,000.00		150,000.00	
Marketing Program Phase III	30,000.00		30,000.00	
120 South Main Street Façade Grant	50,000.00		50,000.00	
Horizon Lamps Retention Project Grant	4,200.00		4,200.00	
Susquehanna Steam Engine Project Grant	42,000.00		42,000.00	
Phillipsburg Railroad Museum Engineering Project	31,650.00		31,650.00	
Edward Literacy Enrichment Center Façade		25,000.00	25,000.00	
Police Patrols - Phase IV		24,000.00	24,000.00	
Truarc Relocation Grant - Phase I		60,000.00	60,000.00	
Kin-Cor Relocation Grant		10,000.00	10,000.00	
310-312 S. Main Street Façade Grant		20,000.00	20,000.00	
Cooper Electric Relocation Grant		15,600.00	15,600.00	
Eupen Cable Relocation Grant		20,000.00	20,000.00	
Railroad Museum Grant Administration Project		15,960.00	15,960.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
Urban Enterprise Projects:				
Administrative Budget - 2005		\$ 93,834.00	\$ 93,834.00	
11 Union Square Restoration Loan - 2005		50,000.00	50,000.00	
75 S. Main Street Façade Grant - 2005		25,000.00	25,000.00	
FY04 Exercise Program Implementation Action Grant		2,278.20	2,278.20	
New Jersey Youth Corps Grants		502,650.00	502,650.00	
Clean Communities Program		14,874.15	14,874.15	
Assistance to Firefighters Grant Program FY04		285,651.00	285,651.00	
Hazardous Discharges Site Remediation Fund		41,178.00	41,178.00	
Preferred Real Estate Developers Legal Fees		70,731.18	70,731.18	
Sale of Municipal Assets	\$ 250,000.00		250,000.00	
Sale of Municipal Assets - Realized in 2005	144,000.00		144,000.00	
Total Miscellaneous Revenue	<u>4,643,071.07</u>	<u>1,281,256.53</u>	<u>6,139,264.73</u>	<u>\$ 214,937.13</u>
Receipts from Delinquent Taxes	515,000.00		635,011.08	120,011.08
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>7,564,952.39</u>		<u>8,016,829.93</u>	<u>451,877.54</u>
Budget Totals	14,088,023.46	1,281,256.53	16,156,105.74	786,825.75
Nonbudget Revenue			<u>258,741.65</u>	<u>258,741.65</u>
	<u>\$ 14,088,023.46</u>	<u>\$ 1,281,256.53</u>	<u>\$ 16,414,847.39</u>	<u>\$ 1,045,567.40</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(Continued)

Allocation of Current Tax Collections

Collections		\$ 17,834,972.15
Allocated to:		
County Taxes	\$ 4,439,864.70	
Due to County for Added and Omitted Taxes	11,891.10	
School Taxes	<u>6,354,522.00</u>	
		<u>10,806,277.80</u>
		7,028,694.35
Add: Appropriation "Reserve for Uncollected Taxes"		<u>988,135.58</u>
Realized for Support of Municipal Budget		<u><u>\$ 8,016,829.93</u></u>

Receipts from Delinquent Taxes:

Taxes Receivable		\$ 610,824.71
Tax Title Liens		<u>24,186.37</u>
		<u><u>\$ 635,011.08</u></u>

Interest on Investments and Deposits:

Cash Received - Treasurer		\$ 92,015.68
Cash Received - Collector		511.53
Cash Received - Clerk		10.25
Due from Other Trust Funds		69.28
Due from General Capital Fund		1,978.31
Due from Payroll Accounts		14.22
Due from Claims Account		<u>40.84</u>
		<u><u>\$ 94,640.11</u></u>

Sale of Municipal Assets:

Reserve for Sale of Municipal Assets		\$ 20,303.90
Cash Received - Treasurer		<u>123,696.10</u>
		<u><u>\$ 144,000.00</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Cable TV Franchise Fee	\$	46,281.00	
Town Auction		1,856.00	
Other Miscellaneous Receipts		2,281.10	
Recycling Revenue		4,710.40	
Tax Collector Fees		1,424.50	
Tax Lien Discharge Fees		2,500.00	
Library Fees		1,130.00	
Donation - Warren Hospital - Pool Operations		25,000.00	
Reimbursement - Administrative Costs - Preferred R/E - Ingersoll Rand		10,000.00	
Administrative Fee - Senior Citizens and Veterans Deductions		5,057.92	
Returned Check Fees		540.00	
Restitution		1,901.24	
Voided Prior Year Outstanding Checks		1,264.80	
Police Outside Services - Administrative Fees		11,708.17	
Public Alliance Insurance Fund Refund		24,459.00	
Workers' Compensation and Other Insurance Refunds		37,429.94	
Rental Fees		953.00	
Public Works Billings Reimbursements		3,858.06	
NJ DMV Inspection Fines		713.00	
Reimbursements/Refunds		17,418.84	
		17,418.84	
	\$		200,486.97

Collector:

Municipal Charges Receivable Collections		36,415.71	
Municipal Liens Collections		17,050.00	
Net Shortage		26.22	
		26.22	
			53,491.93

Due from Animal Control Fund:

Statutory Excess in Reserve for Animal Control Fund Expenditures			4,762.75
			4,762.75
	\$		258,741.65

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

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 28,178.00	\$ 28,178.00	\$ 27,574.37	\$ 603.63	
Other Expenses	55,157.00	55,157.00	38,788.00	16,369.00	
Human Resources:					
Other Expenses	7,125.00	7,125.00	3,805.24	3,319.76	
Mayor and Council:					
Salaries and Wages	80,858.00	80,858.00	79,916.24	941.76	
Other Expenses	9,937.00	9,937.00	4,891.51	5,045.49	
Municipal Clerk:					
Salaries and Wages	100,518.00	100,518.00	100,035.64	482.36	
Other Expenses	23,408.00	23,408.00	21,148.77	2,259.23	
Financial Administration:					
Salaries and Wages	51,082.00	51,082.00	47,322.26	3,759.74	
Other Expenses	16,245.00	16,245.00	7,072.16	9,172.84	
Audit Services	30,850.00	14,908.00	14,908.00		
Revenue Administration:					
Salaries and Wages	86,497.00	86,497.00	82,552.81	3,944.19	
Other Expenses	12,683.00	12,683.00	8,268.25	4,414.75	
Tax Assessment Administration:					
Salaries and Wages	78,320.00	78,320.00	74,609.52	3,710.48	
Other Expenses	15,115.00	15,115.00	13,608.34	1,506.66	
Legal Services:					
Other Expenses	195,000.00	195,000.00	177,050.55	17,949.45	
Engineering Services:					
Other Expenses	72,971.00	72,971.00	71,230.89	1,740.11	
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	2,850.00	2,850.00	305.00	2,545.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
LAND USE ADMINISTRATION:					
Zoning Board:					
Other Expenses	\$ 2,850.00	\$ 2,850.00	\$ 300.00	\$ 2,550.00	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	2,875,127.00	2,875,127.00	2,609,512.64	265,614.36	
Other Expenses	112,080.00	112,080.00	98,335.52	13,744.48	
Police Dispatch/911:					
Salaries and Wages	275,408.00	263,408.00	260,365.42	3,042.58	
Other Expenses	35,062.00	35,062.00	27,921.73	7,140.27	
Safe and Clean Program - Salaries and Wages	177,314.00	177,314.00	177,314.00		
Supplemental Safe Neighborhood Program:					
Salaries and Wages	53,657.00	53,657.00	53,657.00		
Emergency Management Services:					
Salaries and Wages	6,000.00	6,000.00	5,999.76	0.24	
Other Expenses	2,565.00	2,565.00	1,845.05	719.95	
Aid to Volunteer Fire Company	18,000.00	18,000.00	18,000.00		
Aid to First Aid Organization	10,000.00	10,000.00	10,000.00		
Fire Department:					
Salaries and Wages	6,500.00	6,500.00	6,500.00		
Other Expenses	82,342.00	76,342.00	69,039.51	7,302.49	
Supplemental Fire Services Program	8,817.00	8,817.00		8,817.00	
Municipal Prosecutor:					
Salaries and Wages	23,500.00	23,500.00	23,500.00		

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	\$ 347,137.00	\$ 347,137.00	\$ 341,358.77	\$ 5,778.23	
Other Expenses	125,068.00	119,068.00	93,815.95	25,252.05	
Other Public Works Functions:					
Salaries and Wages	22,597.00	22,597.00	22,120.19	476.81	
Other Expenses	12,892.00	12,892.00	5,670.17	7,221.83	
PEOSHA	9,500.00	9,500.00	4,762.20	4,737.80	
Solid Waste Collections:					
Salaries and Wages	482,063.00	482,063.00	441,697.65	40,365.35	
Other Expenses	8,265.00	8,265.00	4,424.55	3,840.45	
Buildings and Grounds:					
Salaries and Wages	242,321.00	242,321.00	224,980.43	17,340.57	
Other Expenses	83,311.00	83,311.00	68,740.07	14,570.93	
Vehicle Maintenance:					
Salaries and Wages	55,350.00	55,350.00	51,900.05	3,449.95	
Other Expenses	120,769.00	135,669.00	116,112.81	19,556.19	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	7,500.00	7,500.00	7,499.96	0.04	
Other Expenses	11,875.00	11,875.00	237.61	11,637.39	
Contributions to Social Services:					
Other Expenses	87,500.00	87,500.00	75,454.42	12,045.58	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	96,483.00	96,483.00	92,045.93	4,437.07	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PARKS AND RECREATION FUNCTIONS:					
Other Expenses	\$ 39,254.00	\$ 39,254.00	\$ 33,195.17	\$ 6,058.83	
Celebration of Public Events:					
Other Expenses	1,500.00	1,500.00	1,500.00		
Municipal Swimming Pool:					
Other Expenses	50,000.00	50,000.00	50,000.00		
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	117,000.00	129,000.00	119,854.58	9,145.42	
Street Lighting	165,000.00	165,000.00	147,762.77	17,237.23	
Telephone:					
Salaries and Wages	33,236.00	33,236.00	30,798.75	2,437.25	
Other Expenses	65,200.00	93,142.00	78,627.79	14,514.21	
Water	105,000.00	111,000.00	87,545.78	23,454.22	
Gas (Natural or Propane)	45,000.00	45,000.00	34,370.43	10,629.57	
Gasoline	135,000.00	135,000.00	124,020.00	10,980.00	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Waste Disposal:					
Other Expenses	525,000.00	525,000.00	482,142.72	42,857.28	
Municipal Court:					
Salaries and Wages	212,272.00	197,372.00	187,995.69	9,376.31	
Other Expenses	91,603.00	91,603.00	78,295.45	13,307.55	
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	7,500.00	7,500.00	7,499.96	0.04	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNIFORM CONSTRUCTION CODE:					
Code Enforcement:					
Salaries and Wages	\$ 281,988.00	\$ 292,688.00	\$ 290,937.63	\$ 1,750.37	
Other Expenses	76,760.00	60,060.00	40,679.21	19,380.79	
Total Operations Within "CAPS"	8,219,960.00	8,219,960.00	7,481,424.87	738,535.13	
Detail:					
Salaries and Wages	5,355,998.00	5,615,206.00	5,247,694.67	367,511.33	
Other Expenses	2,863,962.00	2,604,754.00	2,233,730.20	371,023.80	
STATUTORY EXPENDITURES:					
Contributions to:					
Social Security System (O.A.S.I.)	214,000.00	214,000.00	212,527.90	1,472.10	
Consolidated Police and Firemen's Pension Fund	7,270.00	7,270.00	7,269.14	0.86	
Police and Firemen's Retirement System of NJ	5,640.00	5,640.00	5,640.00		
Unemployment Compensation Insurance	13,500.00	13,500.00	11,557.08	1,942.92	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	240,410.00	240,410.00	236,994.12	3,415.88	
Total General Appropriations for Municipal Purposes Within "CAPS"	8,460,370.00	8,460,370.00	7,718,418.99	741,951.01	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	548,991.00	548,991.00	545,684.78	3,306.22	
Police and Firemen's Retirement System of NJ	122,427.00	122,427.00	122,426.22	0.78	
Public Employees' Retirement System	20,278.00	20,278.00	20,277.20	0.80	
INSURANCE:					
Liability Insurance	237,566.00	237,566.00	236,729.00	837.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
INSURANCE (Continued):					
Workers Compensation Insurance	\$ 136,652.00	\$ 136,652.00	\$ 136,652.00		
Employee Group Insurance	1,649,001.00	1,649,001.00	1,543,294.37	\$ 105,706.63	
Public and Private Program Offset by Revenue:					
Municipal Alliance on Alcoholism and Drug Abuse:					
State	11,760.00	11,760.00	11,760.00		
Local	2,940.00	2,940.00	2,940.00		
Board of Education	2,500.00	2,500.00	2,500.00		
United Way of Warren County (NJSA 40A:4-87 + \$2,500)		2,500.00	2,500.00		
Emergency Management Grant	4,000.00	4,000.00	4,000.00		
New Jersey Youth Corps Grants (NJSA 40A:4-87 + \$502,650)		502,650.00	502,650.00		
Body Armor Replacement Grant	3,446.62	3,446.62	3,446.62		
Green Communities Grant (NJSA 40A:4-87 + \$2,000)	2,000.00	4,000.00	4,000.00		
Clean Communities Program (NJSA 40A:4-87 + \$14,874.15)		14,874.15	14,874.15		
Assistance to Firefighters Grant Program FY04 (NJSA 40A:4-87 + \$285,651)		285,651.00	285,651.00		
Hazardous Discharges Site Remediation Fund U.S. Gas (NJSA 40A:4-87 + \$41,178)		41,178.00	41,178.00		
Preferred Real Estate Developers Legal Fees (NJSA 40A:4-87 + \$70,731.18)		70,731.18	70,731.18		

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Total Municipal Debt Service Excluded from "CAPS"	\$ 1,055,462.00	\$ 1,055,462.00	\$ 1,016,431.76		\$ 39,030.24
Total General Appropriations Excluded from "CAPS"	4,639,517.88	5,920,774.41	5,771,892.74	\$ 109,851.43	39,030.24
Subtotal General Appropriations	13,099,887.88	14,381,144.41	13,490,311.73	851,802.44	39,030.24
Reserve for Uncollected Taxes	988,135.58	988,135.58	988,135.58		
Total General Appropriations	<u>\$ 14,088,023.46</u>	<u>\$ 15,369,279.99</u>	<u>\$ 14,478,447.31</u>	<u>\$ 851,802.44</u>	<u>\$ 39,030.24</u>

Ref.

A

Analysis of Budget After Modification:

Adopted Budget	\$ 14,088,023.46
Added by N.J.S.A. 40A:4-87	1,281,256.53
	<u>\$ 15,369,279.99</u>

Analysis of Paid or Charged:

Cash Disbursed	\$ 11,303,874.78
Encumbrances Payable	133,264.14
Transfer to Federal and State Grant Fund - Grants	2,081,957.41
Transfer to Federal and State Grant Fund - Matching Funds	3,940.00
Reserve for Uncollected Taxes	988,135.58
	<u>14,511,171.91</u>
Less:	
Appropriation Refunds	<u>32,724.60</u>
	<u>\$ 14,478,447.31</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
TRUST FUNDS

TOWN OF PHILLIPSBURG
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 15,972.85	\$ 10,596.86
Due from State of NJ - Dog License Fees		3.60	
Due from Current Fund	A		34.20
		<u>15,976.45</u>	<u>10,631.06</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,012,827.78	1,111,574.46
Due from Current Fund	A		858.37
Due from Federal and State Grant Fund	A		2,425.55
Neighborhood Preservation Program Grants Receivable		197,133.00	155,619.00
Small Cities Block Grants Receivable		523,654.00	159,686.00
Community Development Revolving Loan Program Receivable		727,533.75	752,466.07
		<u>2,461,148.53</u>	<u>2,182,629.45</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,477,124.98</u>	<u>\$ 2,193,260.51</u>

TOWN OF PHILLIPSBURG
COMPARATIVE BALANCE SHEET - TRUST FUNDS
(Continued)

	Ref.	December 31,	
		2005	2004
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 4,759.15	
Reserve for Animal Control Expenditures	B-6	11,217.30	\$ 10,631.06
		<u>15,976.45</u>	<u>10,631.06</u>
Other Trust Funds:			
Due to Current Fund	A	69.28	
Reserve for:			
Federally Funded Housing Assistance Program (Section 8)		96,025.91	114,743.26
Planning Board/Zoning Board Escrow		268,728.15	273,033.91
Community Development Revolving Loan Program		888,449.69	867,582.10
Parking Offense Adjudication Act		7,045.75	6,097.75
Bernards Township R.C.A. Program		252,667.26	383,206.28
Accumulated Sick and Vacation		5,537.27	35,341.14
Police Outside Services		4,458.04	925.58
Other Deposits		260,000.00	260,000.00
Small Cities Block Grants		492,110.75	122,049.00
Neighborhood Preservation Grant		177,366.02	112,372.25
Public Defender Fees		8,690.41	7,278.18
		<u>2,461,148.53</u>	<u>2,182,629.45</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 2,477,124.98</u>	<u>\$ 2,193,260.51</u>

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

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 686,583.37	\$ 457,990.61
Green Acres Grant Receivable			250,000.00
Green Acres Loan Receivable			250,000.00
Deferred Charges to Future Taxation:			
Funded		5,756,908.44	6,296,065.60
Unfunded	C-4	3,567,496.50	2,523,676.50
<u>TOTAL ASSETS</u>		<u>\$ 10,010,988.31</u>	<u>\$ 9,777,732.71</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 4,793,000.00	\$ 5,218,000.00
NJ Wastewater Treatment Loans Payable:			
Trust	C-9	419,049.49	481,194.62
Fund	C-9	294,858.95	346,870.98
Green Acres Loan Payable	C-9a	250,000.00	250,000.00
Bond Anticipation Notes	C-7	2,344,200.00	1,604,000.00
Improvement Authorizations:			
Funded	C-5	70,176.94	305,585.57
Unfunded	C-5	1,557,312.45	1,485,656.99
Due to Current Fund	A	1,978.31	729.68
Capital Improvement Fund	C-6	25,621.84	25,621.84
Reserve for Payment of Debt Service		194,717.30	
Fund Balance	C-1	60,073.03	60,073.03
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,010,988.31</u>	<u>\$ 9,777,732.71</u>

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

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 60,073.03
Balance December 31, 2005	C	\$ 60,073.03

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2005	2004
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 2,482,720.82	\$ 2,480,624.79
Cash - Collector	E-6	6,768.84	31,688.60
Change Fund		500.00	500.00
		<u>2,489,989.66</u>	<u>2,512,813.39</u>
Due from Current Fund	A		1,385.16
Due from Sewer Utility Capital Fund	E	3,833.95	
		<u>2,493,823.61</u>	<u>2,514,198.55</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	E-7	153,776.86	152,428.69
Other Municipalities Accounts Receivable			137,962.61
Sewer Liens Receivable	E-8	1,801.07	8,558.95
Total Receivables with Full Reserves	E	<u>155,577.93</u>	<u>298,950.25</u>
Total Operating Fund		<u>2,649,401.54</u>	<u>2,813,148.80</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	1,415,654.89	1,192,859.95
Due from Sewer Utility Operating Fund	E		38,670.62
Fixed Capital	E-9	26,824,848.95	24,240,392.00
Fixed Capital Authorized and Uncompleted	E-10	856,700.00	6,688,895.00
Total Capital Fund		<u>29,097,203.84</u>	<u>32,160,817.57</u>
<u>TOTAL ASSETS</u>		<u>\$ 31,746,605.38</u>	<u>\$ 34,973,966.37</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2005	2004
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 336,641.13	\$ 302,591.35
Encumbered	E-3;E-11	146,251.77	240,965.11
Total Appropriation Reserves		482,892.90	543,556.46
Accrued Interest on Wastewater Treatment			
Loans Payable		48,163.81	56,540.98
Due to Sewer Utility Capital Fund	E		38,670.62
		531,056.71	638,768.06
Reserve for Receivables	E	155,577.93	298,950.25
Fund Balance	E-1	1,962,766.90	1,875,430.49
Total Operating Fund		2,649,401.54	2,813,148.80
Capital Fund:			
New Jersey Wastewater Loans Payable:			
Trust	E-16	3,242,412.09	4,035,941.82
Fund	E-16	1,883,795.07	2,498,793.20
Improvement Authorizations:			
Funded	E-12	624,037.05	3,084,023.42
Unfunded	E-12		1,664,191.15
Due to Sewer Utility Operating Fund	E	3,833.95	
Capital Improvement Fund	E-13	253,171.46	164,181.00
Reserve for:			
Amortization	E-14	18,988,867.94	17,182,186.98
Deferred Amortization	E-15	856,700.00	2,838,400.00
Payment of Debt Service		2,694,146.19	
Sewer Improvements		365,900.00	693,000.00
Fund Balance	E-1a	184,340.09	100.00
Total Capital Fund		29,097,203.84	32,160,817.57
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 31,746,605.38</u>	<u>\$ 34,973,966.37</u>

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

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Ref.	Year Ended December 31,	
		2005	2004
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 683,082.00	\$ 537,528.00
Rents		3,800,947.87	3,922,842.82
Nonbudget Revenue		98,664.38	82,507.45
Other Credits to Income:			
Appropriation Reserves Lapsed		262,185.81	179,826.44
Total Income		<u>4,844,880.06</u>	<u>4,722,704.71</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		2,417,082.00	2,272,871.00
Capital Improvements		40,000.00	40,000.00
Debt Service		1,592,379.65	1,543,577.88
Deferred Charges and Statutory Expenditures		25,000.00	23,000.00
Total Expenditures		<u>4,074,461.65</u>	<u>3,879,448.88</u>
Excess in Revenue		770,418.41	843,255.83
<u>Fund Balance</u>			
Balance January 1		1,875,430.49	1,569,702.66
		2,645,848.90	2,412,958.49
Decreased by:			
Utilization as Anticipated Revenue		<u>683,082.00</u>	<u>537,528.00</u>
Balance December 31	E	<u>\$ 1,962,766.90</u>	<u>\$ 1,875,430.49</u>

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

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 100.00
Increased by:		
Cancellation of Fully Funded Improvement Authorizations		<u>184,240.09</u>
Balance December 31, 2005	E	<u>\$ 184,340.09</u>

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

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2005

	Anticipated	Realized	Excess
Fund Balance Anticipated	\$ 683,082.00	\$ 683,082.00	
Rents	3,500,000.00	3,800,947.87	\$ 300,947.87
	4,183,082.00	4,484,029.87	300,947.87
Nonbudget Revenue		98,664.38	98,664.38
	\$ 4,183,082.00	\$ 4,582,694.25	\$ 399,612.25
 <u>Analysis of Rents:</u>			
Other Municipalities	\$ 2,190,270.99		
Consumer Accounts Receivable	1,610,676.88		
		\$ 3,800,947.87	
 <u>Analysis of Nonbudget Revenue</u>			
Collector:			
Interest on Investments	\$ 200.10		
Interest on Sewer Rents	14,203.26		
		\$ 14,403.36	
Treasurer:			
Interest on Investments	79,703.50		
Returned Check Fees	280.00		
Sewer Liens	443.57		
		80,427.07	
Due from Sewer Utility Capital Fund:			
Interest on Investments		3,833.95	
		\$ 98,664.38	

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

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2005

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 247,116.00	\$ 247,116.00	\$ 233,388.92	\$ 13,727.08	
Other Expenses	2,169,966.00	2,169,966.00	1,854,298.82	315,667.18	
Capital Improvements:					
Capital Improvement Fund	40,000.00	40,000.00	40,000.00		
Debt Service:					
Payment of Bond Principal	1,409,000.00	1,409,000.00	1,408,527.86		\$ 472.14
Interest on Bonds	292,000.00	292,000.00	183,851.79		108,148.21
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	20,000.00	20,000.00	17,237.03	2,762.97	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00	5,000.00	516.10	4,483.90	
	<u>\$ 4,183,082.00</u>	<u>\$ 4,183,082.00</u>	<u>\$ 3,737,820.52</u>	<u>\$ 336,641.13</u>	<u>\$ 108,620.35</u>
		<u>Ref.</u>			
Cash Disbursed			\$ 3,407,716.96		
Accrued Interest on Wastewater Treatment Loans			183,851.79		
Encumbrances Payable		E	146,251.77		
			<u>\$ 3,737,820.52</u>		

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF PHILLIPSBURG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Land	\$ 12,211,700.00	\$ 12,211,700.00
Buildings	13,854,400.00	13,854,400.00
Equipment	<u>7,250,596.00</u>	<u>6,650,071.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 33,316,696.00</u>	<u>\$ 32,716,171.00</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 33,316,696.00</u>	<u>\$ 33,316,696.00</u>
 <u>TOTAL RESERVES</u>	<u>\$ 33,316,696.00</u>	<u>\$ 33,316,696.00</u>

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Town of Phillipsburg conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Town of Phillipsburg accounts for its financial transactions through the following separate funds:

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

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

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

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

B. Description of Funds (Cont'd)

General Fixed Asset Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Town as discussed under the caption "Basis of Accounting".

C. Basis of Accounting

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

The accounting policies of the Town of Phillipsburg conform to the accounting principles applicable to municipalities which have been prescribed by the Division, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the Operating Funds when it is budgeted and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are not recorded and are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Town's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Utility Capital Funds would be depreciated.

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

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost or amortized cost, which approximates market.

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

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid. However, a partial reserve, the Reserve for Accrued Sick and Vacation, has been established in the amount of \$5,537.27 on the Trust Fund balance sheet at December 31, 2005.

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

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

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

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

General Fixed Assets - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General Fixed Assets Account Group - General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted the inventory of the Town's assets. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Funds. The values recorded in the General Fixed Asset Account Group and the Current, General Capital and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 2: Long-Term Debt

Summary of Municipal Debt

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

	<u>December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 8,101,108.44	\$ 7,900,065.60	\$ 8,599,445.95
Sewer Utility:			
Loans	5,126,207.16	6,534,735.02	7,899,159.49
Net Debt Issued	<u>13,227,315.60</u>	<u>14,434,800.62</u>	<u>16,498,605.44</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	1,223,296.50	919,676.50	11,876.50
Sewer Utility:			
Bonds and Notes	2,709,773.85	4,373,965.00	4,373,965.00
Total Authorized but not Issued	<u>3,933,070.35</u>	<u>5,293,641.50</u>	<u>4,385,841.50</u>
Less: Reserve to Pay Debt Service:			
General	194,717.30		
Sewer Utility	2,694,146.19		
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 14,271,522.46</u>	<u>\$ 19,728,442.12</u>	<u>\$ 20,884,446.94</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.24%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 3,790,000.00	\$ 3,790,000.00	
Sewer Utility Debt	7,835,981.01	7,835,981.01	
General Debt	9,324,404.94	194,717.30	\$ 9,129,687.64
	<u>\$ 20,950,385.95</u>	<u>\$ 11,820,698.31</u>	<u>\$ 9,129,687.64</u>

Net Debt of \$9,129,687.64 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$737,721,837 = 1.24%.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property \$ 25,820,264.30

Net Debt 9,129,687.64

Remaining Borrowing Power \$ 16,690,576.66

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year \$ 4,582,694.25

Deductions:

Operating and Maintenance Costs	\$ 2,442,082.00	
Debt Service	<u>1,592,379.65</u>	
		<u>4,034,461.65</u>

Excess in Revenue \$ 548,232.60

Note: If there is a deficit in revenue, sewer utility debt is not deductible to the extent of 20 times of said deficit or total debt service, whichever is smaller (40A:2-48).

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/05</u>
Serial Bonds:				
General Capital Fund	\$ 5,218,000		\$ 425,000	\$ 4,793,000
Loans Payable:				
General Capital Fund:				
Green Trust Loans	250,000			250,000
Wastewater Treatment Loans	828,066		114,157	713,909
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	6,534,735		1,408,528	5,126,207
Bond Anticipation Notes:				
General Capital Fund	<u>1,604,000</u>	<u>\$ 2,344,200</u>	<u>1,604,000</u>	<u>2,344,200</u>
Total	<u>\$ 14,434,801</u>	<u>\$ 2,344,200</u>	<u>\$ 3,551,685</u>	<u>\$ 13,227,316</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> 12/31/03	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/04
Serial Bonds:				
General Capital Fund	\$ 5,628,000		\$ 410,000	\$ 5,218,000
Loans Payable:				
General Capital Fund:				
Green Trust Loans	250,000			250,000
Wastewater Treatment Loans	939,061		110,995	828,066
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	7,899,159		1,364,424	6,534,735
Bond Anticipation Notes:				
General Capital Fund	<u>1,782,385</u>	<u>\$ 1,604,000</u>	<u>1,782,385</u>	<u>1,604,000</u>
Total	<u>\$ 16,498,605</u>	<u>\$ 1,604,000</u>	<u>\$ 3,667,804</u>	<u>\$ 14,434,801</u>

Analysis of Debt Issued and Outstanding at December 31, 2005

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> Dec. 31, 2005
General Improvement Bonds of 2001	8/15/2014	4.20%-5.00%	<u>\$ 4,793,000.00</u>

General Capital Green Acres Loan Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> Dec. 31, 2005
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 250,000.00</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2005 (Cont'd)

General Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2005</u>
Trust Loan 1	2010	\$ 185,747.34
Trust Loan 2	2011	208,302.15
Trust Loan 3	2013	<u>25,000.00</u>
		<u>\$ 419,049.49</u>

General Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2005</u>
Fund Loan 1	2010	\$ 131,064.33
Fund Loan 2	2011	150,333.71
Fund Loan 3	2013	<u>13,460.91</u>
		<u>\$ 294,858.95</u>

Sewer Utility Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2005</u>
Trust Loan 1	2008	\$ 2,077,507.67
Trust Loan 2	2010	757,124.01
Trust Loan 3	2011	236,151.06
Trust Loan 4	2012	91,629.35
Trust Loan 5	2013	<u>80,000.00</u>
		<u>\$ 3,242,412.09</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2005 (Cont'd)

Sewer Utility Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2005</u>
Fund Loan 1	2008	\$ 1,151,052.70
Fund Loan 2	2010	531,919.96
Fund Loan 3	2011	72,411.31
Fund Loan 4	2012	70,649.46
Fund Loan 5	2013	57,761.64
		<u>\$ 1,883,795.07</u>

General Capital Bond Anticipation Notes Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2005</u>
Various Capital Improvements	9/20/06	3.05%	\$ 700,000.00
Various Capital Improvements	9/20/06	3.05%	725,000.00
Acquisition of Equipment for the Police Department	05/18/06	2.76%	11,400.00
Various Capital Improvements	05/18/06	2.76%	907,800.00
			<u>\$ 2,344,200.00</u>

General Capital New Jersey Green Acres Loan

The Town entered into a \$250,000 loan agreement with the New Jersey Department of Environmental Protection in 2001 for Improvements to Delaware Heights Park. The loan funds were drawn down in 2005. Principal payments for this loan will commence on a semiannual basis beginning on July 11, 2006 and will continue until July 11, 2025 at 2% interest.

Wastewater Treatment Loans

The Town of Phillipsburg entered into three loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust") which are recorded in the General Capital Fund. Also, the Town of Phillipsburg entered into five loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust") which are recorded in the Sewer Utility Capital Fund.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005

(Continued)

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

Wastewater Treatment Loans (Cont'd)

The loan agreements were obtained to finance a portion of the cost of several wastewater treatment system projects.

At December 31, 2005, the Town has borrowed or "drawn down" all Loan funds necessary to complete the wastewater treatment systems projects partially funded with the Loan funds. Principal payments to the Fund for the General Capital Fund loans will continue on a semiannual basis until February 1, 2013 at zero interest. Principal payments to the Trust for the General Capital Fund loans will continue on an annual basis until February 1, 2013. Principal payments to the Fund for the Sewer Utility Capital Fund loans will continue on a semiannual basis until February 1, 2013 at zero interest. Principal payments to the Trust for the Sewer Utility Capital Fund loans will continue on an annual basis until February 1, 2013. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account for two of the three General Capital Fund loans and four of the five Sewer Utility Capital Fund loans. The Town will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. As the Town did not draw down the entire loan proceeds on certain loans, the semi-annual Trust portion of the related loans' debt service was reduced by the proceeds not drawn down and the interest earnings on the Trust portion of the loan proceeds. The Fund proceeds not drawn down by the Town have been used to reduce the principal repayments at the end of the amortization period of the related loans.

Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds and Loans Issued and Outstanding

<u>Year</u>	<u>General</u>	<u>Sewer</u>	<u>Total</u>
2006	\$ 812,046.34	\$ 1,676,859.69	\$ 2,488,906.03
2007	818,511.12	1,674,113.25	2,492,624.37
2008	814,236.17	1,419,066.52	2,233,302.69
2009	823,352.42	395,679.60	1,219,032.02
2010	814,427.76	544,289.61	1,358,717.37
2011-2015	2,812,951.48		2,812,951.48
2016-2020	77,729.00		77,729.00
2021-2025	77,729.00		77,729.00
	<u>\$ 7,050,983.29</u>	<u>\$ 5,710,008.67</u>	<u>\$12,760,991.96</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2006 has not been introduced. Thus, the amount of fund balance at December 31, 2005, which will be appropriated and included as anticipated revenue in the 2006 budget for the Current and Sewer Utility Operating Funds is not known at this date.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Town of Phillipsburg has elected not to defer school taxes.

Note 5: Pension Plans

Current Town employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Town employees. As a general rule, all full-time employees are eligible to join one of these two public employees' retirement systems. Several retired Town police and firemen are enrolled in the Consolidated Police and Firemen's Pension Fund (CPFPPF) of New Jersey.

Employees who are members of PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are based on percentages of 5.0% for PERS and 8.5% for PFRS of employees' annual compensation, as defined. There are no active members in the CPFPPF. Employers are required to contribute at an actuarially determined rate in the three Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Town contributions to the three pension systems noted above amounted to \$155,613, \$64,761, and \$21,483 for 2005, 2004 and 2003, respectively. For PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 5: Pension Plans (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PFRS for local employers for State fiscal years 2004-2007. The local employer PFRS normal and accrued liability contributions required for State fiscal years 2004-2007 are as follows:

- 20% for payments due in State fiscal year 2004
- Not more than 40% for payments due in State fiscal year 2005
- Not more than 60% for payments due in State fiscal year 2006
- Not more than 80% for payments due in State fiscal year 2007

Note 6: Accrued Sick and Vacation Benefits

The Town permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$913,000. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accrued Sick and Vacation of \$5,537.27 on the Trust Fund balance sheet at December 31, 2005.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31.

Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Tax Rate</u>	\$ 3.31	\$ 3.14	\$ 3.00
<u>Apportionment of Tax Rate</u>			
Municipal	1.36	1.26	1.17
County	.80	.73	.68
Local School	1.15	1.15	1.15
<u>Assessed Valuations</u>			
2005	<u>\$ 554,463,875.00</u>		
2004		<u>\$ 552,264,724.00</u>	
2003			<u>\$ 551,980,450.00</u>

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2005	\$ 18,454,602.36	\$ 17,834,972.15	96.64%
2004	17,384,677.26	16,730,174.34	96.23%
2003	16,597,484.91	15,965,142.01	96.19%

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

Note 8: Cash and Cash Equivalents

Cash and cash equivalents includes change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Town classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

The Township implemented the provisions of GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, for the year ended December 31, 2004. GASB Statement No. 40 requires disclosure of the level of custodial credit risk assumed by the Town in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

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

Credit Risk – The Town limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2005, cash and cash equivalents of the Town of Phillipsburg consisted of the following:

Fund	Cash on Hand	Savings Accounts	Checking Accounts	Money Market Accounts	Totals
Current	\$ 1,050.00	\$ 231,832.35	\$ 250,039.53	\$ 3,509,918.54	\$ 3,992,840.42
Animal Control			15,972.85		15,972.85
Other Trust			798,986.65	213,841.13	1,012,827.78
General Capital			6,636.25	679,947.12	686,583.37
Sewer Utility Operating	500.00	231,832.35	45,679.42	2,211,977.89	2,489,989.66
Sewer Utility Capital			61,831.17	1,353,823.72	1,415,654.89
	<u>\$ 1,550.00</u>	<u>\$ 463,664.70</u>	<u>\$ 1,179,145.87</u>	<u>\$ 7,969,508.40</u>	<u>\$ 9,613,868.97</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

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

The Town did not hold any investments during the year ended December 31, 2005. The carrying amount of the Town's cash and cash equivalents at year end was \$9,613,868.97 and the bank balance was \$9,612,817.64.

Note 9: Risk Management

The Town 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. The Town obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ.

The Town of Phillipsburg is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Auto, Liability, Property Insurance, Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

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

Selected, summarized financial information for the Fund is as follows:

	Statewide Insurance Fund Dec. 31, 2004
Total Assets	\$ 20,709,488
Fund Equity/Retained Earnings	\$ 405,531
Total Revenue	\$ 18,778,796
Total Expenditures	\$ 19,330,977
Net Loss	\$ 552,181
Fund Equity Distribution to Participating Members	\$ -0-

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2005:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 284,006.83	
Federal and State Grant		\$ 277,200.09
Animal Control		4,759.15
Other Trust		69.28
General Capital		1,978.31
Sewer Utility Operating	3,833.95	
Sewer Utility Capital		3,833.95
	<u>\$ 287,840.78</u>	<u>\$ 287,840.78</u>

The more significant interfunds are described below:

The interfund receivable in the Current Fund is due primarily to the \$277,200.09 interfund with the Federal and State Grant Fund. This interfund is the net of Federal and State Grant Fund expenditures paid by the Current Fund and Federal and State Grant Fund receipts collected by the Current Fund. The interfund receivable in the Sewer Utility Operating Fund is interest earned in the Sewer Utility Capital Fund in December 2005. The Other Trust and General Capital Fund interfund payables are due to the Current Fund and reflect December 2005 interest earnings. The interfund payable in the Animal Control Fund of \$4,759.15 with the Current Fund is primarily due to the \$4,762.75 statutory excess in the Reserve for Animal Control Fund Expenditures due to the Current Fund.

Note 13: Green Acres Grant

During 2001, the Town was awarded a \$250,000 Green Acres grant in addition to the \$250,000 Green Acres Loan detailed in Note 2. Both the grant and loan were for Improvements to Delaware Heights Park. During 2005, the grant funds were received by the Town.

Note 14: Economic Dependency

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 15: Accounts Payable

Payables as of December 31, 2005 were as follows:

	<u>Current Fund</u>
Salaries and Wages	\$ 88,062.61
Vendors	<u>38,016.40</u>
	<u>\$ 126,079.01</u>

TOWN OF PHILLIPSBURG

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2005

The following officials were in office during the period under audit:

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Harry Wyant Jr.	Mayor		
James P. Stettner	President; Councilman		
James M. Shelly	Vice President; Councilman		
Diane S. Coopersmith	Councilwoman		
John Damato	Councilman		
David DeGerolamo	Councilman		
Michele D. Broubalow	Municipal Clerk; Administrator		
Joseph Hriczak	Chief Financial Officer;	\$ 105,000.00	Selective Insurance Company
	Tax Collector; Sewer Collector	250,000.00	Selective Insurance Company
Lydia Zdrodowski	Tax Assessor		
Joel A. Kobert	Town Attorney		
John Draikiwicz	Bond Counsel		
Kevin Duddy	Construction Official		
John Fritts	Zoning Officer		
Eugene F. Buczynski	Engineer		
John VanDorpe	Engineer for Wastewater Treatment Plant		
Robert J. Ellwood	Magistrate		
Lauri Kaulius	Municipal Court Administrator		
Christopher M. Troxell	Prosecutor		

Court personnel are covered by a separate blanket bond in the amount of \$55,000.00.

In addition to the surety bonds listed, there is a Faithful Performance Bond of \$250,000.00 for employee theft and \$25,000 for forgery or alteration covering all employees who are not separately bonded.

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2004	A	\$ 3,706,013.23
Increased by Receipts:		
Tax Collector		\$ 18,668,000.00
Clerk		91,441.07
Revenue Accounts Receivable		3,401,178.46
Due to State of N.J. - Veterans' and Senior Citizens' Deductions		252,895.90
Nonbudget Revenue		200,486.97
2004 Taxes Receivable		603.00
2005 Appropriation Refunds		32,724.60
Interest on Investments and Deposits		92,015.68
Due to/from Federal and State Grant Fund:		
Federal and State Grants Receivable		1,869,779.61
Unappropriated Grant Reserves		21,945.00
Due to/from Other Trust Funds - Current Fund:		
Settlement of Prior Year Interfund		67.21
Due from General Capital Fund:		
Settlement of Prior Year Interfund		729.68
Due from Payroll Accounts:		
Settlement of Prior Year Interfund		10.09
Due from Claims Account:		
Settlement of Prior Year Interfund		19.44
Reserve for:		
Sale of Municipal Assets		62,992.90
2005 Federal Emergency Management Agency Flooding Reimbursement		136,850.54
Garden State Trust		1,876.16
Library		692,098.06
		25,525,714.37
		29,231,727.60

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

Ref.

Decreased by Disbursements:			
2005 Appropriation Expenditures		\$ 11,303,874.78	
2004 Appropriation Reserves		484,184.77	
Due to Other Trust Funds:			
Settlement of Prior Year Interfund		925.58	
Due from Other Trust Funds - Federal and State			
Grant Fund:			
Settlement of Prior Year Interfund		2,425.55	
Due to/from Federal and State Grant Fund:			
Appropriated Grant Reserves		1,887,085.33	
Due to Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund		1,385.16	
Local School District Taxes		6,326,052.00	
County Taxes		4,451,830.94	
Refund of Tax Overpayments		63,682.44	
Refund of Tax Sale Premiums		68,700.00	
Reserve for Library		<u>711,188.92</u>	
			<u>\$ 25,301,335.47</u>
Balance December 31, 2005	A		<u>\$ 3,930,392.13</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2004	<u>Ref.</u> A	\$ 45,953.14
Increased by Receipts:		
Taxes Receivable	\$ 18,077,087.10	
Tax Title Liens Receivable	24,186.37	
2006 Prepaid Taxes	104,331.51	
Interest and Costs on Taxes	196,034.41	
Tax Sale Premiums	181,400.00	
Redemption of Outside Liens	3,069.54	
Interest on Deposits	511.53	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	36,415.71	
Municipal Liens Receivable	17,050.00	
Net Overage	26.22	
Tax Overpayments	45,081.82	
	<hr/>	18,685,194.21
		<hr/> 18,731,147.35
Decreased by:		
Payments to Treasurer	18,668,000.00	
Refund of Tax Overpayment	50.00	
Refund of Outside Liens	7,238.44	
	<hr/>	18,675,288.44
Balance December 31, 2005	A	<u>\$ 55,858.91</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - CLERK

Balance December 31, 2004	<u>Ref.</u> A	\$ 3,873.95
Increased by Receipts:		
Due to State of NJ - Marriage License Fees	\$ 2,300.00	
Due to State of NJ - Dog License Fees	1,380.00	
Due to Animal Control Fund:		
Cat License Fees	6.00	
Alcoholic Beverages Licenses	37,550.00	
Other Licenses	14,167.00	
Fees and Permits	41,787.25	
Interest on Deposits	10.25	
	<hr/>	97,200.50
		<hr/> 101,074.45
Decreased by:		
Payments to Treasurer - Current Fund	91,441.07	
Payments to State of NJ - Department of Health	1,386.00	
Payments to Treasurer - Animal Control Fund -		
Partial Settlement of Prior Year Interfund	33.00	
Payments to State of NJ - Marriage License Fees	2,675.00	
	<hr/>	95,535.07
		<hr/> 95,535.07
Balance December 31, 2005	A	\$ 5,539.38

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2005 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2004			2004	2005				Dec. 31, 2005
1999	\$ 620.04							\$ 620.04	
2000	1,481.58							1,481.58	
2001	2,226.03				\$ 1,000.54			1,225.49	
2002	4,629.11				1,884.02			730.62	\$ 2,014.47
2003	18,167.02				12,367.03			738.00	5,061.99
2004	607,309.43		\$2,681.83		595,573.12	\$ (5,068.05)	\$ 9.00	659.40	18,817.79
	634,433.21		2,681.83		610,824.71	(5,068.05)	9.00	5,455.13	25,894.25
2005		\$18,454,602.36		\$ 117,157.67	17,466,865.39	250,949.09	21,135.12	12,510.57	585,984.52
	<u>\$ 634,433.21</u>	<u>\$18,454,602.36</u>	<u>\$2,681.83</u>	<u>\$ 117,157.67</u>	<u>\$ 18,077,690.10</u>	<u>\$ 245,881.04</u>	<u>\$ 21,144.12</u>	<u>\$ 17,965.70</u>	<u>\$ 611,878.77</u>

Analysis of 2005 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$18,408,200.65
Added Taxes (54:4-63.1 et seq.)	46,401.71

\$ 18,454,602.36

Tax Levy:

Local School District Taxes	\$ 6,354,522.00
County Taxes:	
County Taxes	\$ 3,988,334.06
County Open Space Taxes	451,530.64
Due County for Added and Omitted Taxes	11,891.10
	<u>4,451,755.80</u>
Local Tax for Municipal Purposes	7,564,952.39
Additional Taxes Levied	83,372.17
	<u>7,648,324.56</u>
	<u>\$ 18,454,602.36</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2004	A		\$ 162,283.68
Increased by:			
Transfer from Taxes Receivable		\$ 17,965.70	
Interest and Costs on Tax Sale		4,240.49	
		<u> </u>	<u>22,206.19</u>
			184,489.87
Decreased by:			
Cash Receipts		\$ 24,186.37	
Transferred to Foreclosed Property		73,622.86	
		<u> </u>	<u>97,809.23</u>
Balance December 31, 2005	A		<u><u>\$ 86,680.64</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2004</u>	<u>Accrued In 2005</u>	<u>Collected by Treasurer</u>	<u>Collected by Clerk</u>	<u>Balance Dec. 31, 2005</u>
Alcoholic Beverages Licenses		\$ 37,550.00		\$ 37,550.00	
Other Licenses		14,167.00		14,167.00	
Fees and Permits		110,565.50	\$ 68,778.25	41,787.25	
Municipal Court:					
Fines and Costs	\$ 16,399.60	225,828.73	221,161.08		\$ 21,067.25
Payment in Lieu of Taxes - Federal Housing Project		93,756.63	93,756.63		
Payment in Lieu of Taxes - Sewage Treatment		77,796.40	77,796.40		
Legislative Initiative Municipal Block Grant		68,948.00	68,948.00		
Consolidated Municipal Property Tax Relief Aid		1,604,177.00	1,604,177.00		
Reserve for Sale of Municipal Assets		123,696.10	123,696.10		
Energy Receipts Taxes		796,151.00	796,151.00		
Supplemental Energy Receipts Taxes		32,448.00	32,448.00		
Homeland Security Police Assistance Aid Program		70,000.00	70,000.00		
Uniform Construction Code Fees		244,266.00	244,266.00		
	<u>\$ 16,399.60</u>	<u>\$ 3,499,350.36</u>	<u>\$ 3,401,178.46</u>	<u>\$ 93,504.25</u>	<u>\$ 21,067.25</u>

Ref.

A

A

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2004	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Shade Tree Program - 1994	\$ 8,400.00					\$ 8,400.00	
Municipal Alliance:							
2001	1,145.00					1,145.00	
2003	3.10						\$ 3.10
2004	7,056.75		\$ 7,056.75				
2005		\$ 11,760.00	6,196.00				5,564.00
N.J. Department of Human Services:							
N.J. Youth Corps - 2003 - ALWY4N	35,829.00				\$ 10,224.00		35,829.00
N.J. Youth Corps - 2004 - ALWY5N	248,500.00		248,500.00				
N.J. Youth Corps - 2004 - WLWY5N	148,822.00		138,598.00		(10,224.00)		10,224.00
N.J. Department of Labor and Workforce Development:							
N.J. Youth Corps - 2005 - ALWY5N		76,650.00	76,650.00				
N.J. Youth Corps - 2006 - ALWY6N/Workfirst NJ		376,000.00	177,500.00				198,500.00
Workfirst NJ - TANF		50,000.00					50,000.00
Green Communities Challenge Grant:							
2004	2,000.00					2,000.00	
2005		4,000.00				2,000.00	2,000.00
U.S. Environmental Protection Agency:							
Brownfield Redevelopment Pilot	124,504.00						124,504.00
N.J. Transportation Trust Fund Authority Act:							
1997 (Supplemental)	11,000.00						11,000.00
1998 (Pedestrian Safety Program)	6,245.80					6,245.80	
1998 (Bikeway Project)	20,629.00		20,629.00				
2003(Pedestrian Safety Program)	85,000.00		85,000.00				
2005 - Hillcrest Boulevard		130,000.00					130,000.00
2005 - Supplemental Hillcrest Boulevard		11,000.00					11,000.00
2005 - Gateway to Phillipsburg Grant		300,000.00					300,000.00
Clean Communities Program - 2005		14,874.15	14,874.15				
Emergency Management Grant		4,000.00	4,000.00				

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
(Continued)

	Balance Dec. 31, 2004	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Urban Enterprise Projects:							
Railroad Historians Project - 1998	\$ 11.15						\$ 11.15
Administrative Budget - 1998	23,200.36						23,200.36
Police Patrol - 1998	399.87						399.87
Shappell Park - 1998	24,594.00						24,594.00
Facade Renovations - 1998	4,919.27		\$ 4,919.27				
Administrative Budget - 1999	17,050.00						17,050.00
Administrative Budget - 2000	15,550.00						15,550.00
Ingersoll-Rand Redevelopment - 2000	2,700.57						2,700.57
S. Main St. Receptacles and Planters - 2000	84.30						84.30
S. Main St. Sidewalk Improvements - 2000	7.00						7.00
Facade Grant (Phase 2) - 2000	20,830.95		17,850.50				2,980.45
Railroad Historian Project Amendment - 2000	9,916.00						9,916.00
Sawmill Street Improvements - 2000	8,330.00						8,330.00
Union Square Parking Facility - 2000	3,404.09						3,404.09
Brainard Street Parking Lot - 2001	10,031.50						10,031.50
Facade Grant (Phase 3) - 2001	53,136.18		21,194.51				31,941.67
Ingersoll-Rand Acquisition - 2001/2002	7,992.97						7,992.97
Administration Budget - 2001	7,190.97						7,190.97
Union Square Acquisition - 2001	1,050.88		300.00				750.88
Police Patrols - Phase II - 2001	4,090.21						4,090.21
Administration Budget - 2002	4,342.49						4,342.49
Market Street Streetscape and Engineering - 2002	18,963.50		17,561.95				1,401.55
Facade Grant (Phase 4) - 2002	35,956.87		35,940.63				16.24
Union Square - 2002	1,950.13						1,950.13
Center Street Extension - 2002	23,950.20		16,005.95				7,944.25
Union Square Engineering - 2003	51,465.00		14,791.00				36,674.00
Administrative Budget - 2003	84,476.00		65,591.82				18,884.18
Marketing Program - 2003	28,837.55		559.65				28,277.90
43-45 S. Main Street - 2003	150,000.00		112,500.00				37,500.00
360-372 S. Main Street Redevelopment Project - 2003	28,666.00		28,666.00				
Grant Application Streetscape - 2003	2,748.74		2,740.54				8.20

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2004	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Urban Enterprise Projects:							
Shappell Park - Phase II - 2003	\$ 0.70						\$ 0.70
Bicycle Patrol Project - 2003	4,269.00						4,269.00
Bel-Del Railroad Excursion - 2003	25,624.08		\$ 25,624.08				
Market Street Streetscape - 2003	55,300.00		17,500.00				37,800.00
Police Patrols - Phase 3 - 2003	24,000.00						24,000.00
Facade Project - 140 S. Main Street - 2003	2,622.00		537.00				2,085.00
U.S Gas Redevelopment Plan - 2003	6,000.00		2,064.00				3,936.00
Train Station Restoration Grant Proposal - 2003	8,250.00		8,250.00				
Ingersoll Rand Grant Application - 2003	10,500.00		7,149.25				3,350.75
74 S. Main Street Renovation - 2003	20,972.69						20,972.69
Administrative Budget - 2004	81,525.65		33,723.92				47,801.73
Susquehanna Railroad Project - 2004	12,000.00		12,000.00				
55 South Main Street - 2004	23,850.00						23,850.00
Tenant Incentive Package - 2004	96,730.00		27,228.18				69,501.82
Marketing Program Phase II - 2004	24,195.25		18,802.64				5,392.61
Railroad Museum Grant - 2004	9,000.00		4,751.26				4,248.74
12 Union Square Façade Grant - 2004	25,000.00		25,000.00				
511 South Main Street Façade Grant - 2004	25,000.00		12,500.00				12,500.00
Trolley Bus Restoration Project - 2004	25,000.00		18,449.01				6,550.99
123 South Main Street Façade Grant - 2004	15,000.00						15,000.00
Curbside Appeal Project - 2004	10,000.00		3,240.00				6,760.00
Shappell Park Restoration - Phase II - 2004	5,000.00		1,760.00				3,240.00
U.S. Gas Appraisal - 2004	7,000.00		7,000.00				
Stateline Chiropractic & Wellness Center Loan - 2004	45,000.00		45,000.00				
Square to Square Planning Project - 2004	5,000.00		5,000.00				
Market Street Parking Meter Project - 2004	24,888.00		24,888.00				
Neighborhood Revitalization Tax Credit Plan - 2004	29,368.00		2,824.80				26,543.20
Railroad Excursion Marketing Program - 2004	35,000.00		35,000.00				
Website Administration - 2005		\$ 12,000.00	3,435.00				8,565.00
Hi Qu Italian American Stone Co. Loan - 2005		150,000.00	150,000.00				
Marketing Phase III - 2005		30,000.00	16,273.25				13,726.75
120 South Main Street Façade Grant - 2005		50,000.00	50,000.00				
Horizon Lamps Retention Project Grant - 2005		4,200.00					4,200.00

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2004	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Urban Enterprise Projects:							
Susquehanna Steam Engine Project Grant - 2005		\$ 42,000.00	\$ 35,750.00				\$ 6,250.00
Phillipsburg Railroad Museum Engineering Project - 2005		31,650.00	10,197.50				21,452.50
Edward Literacy Enrichment Center Façade - 2005		25,000.00					25,000.00
Police Patrols - Phase IV - 2005		24,000.00					24,000.00
Truarc Relocation Grant - Phase 1 - 2005		60,000.00	60,000.00				
Kin-Cor Relocation Grant - 2005		10,000.00					10,000.00
310-312 S. Main Street Façade Grant - 2005		20,000.00					20,000.00
Cooper Electric Relocation Grant - 2005		15,600.00					15,600.00
Eupen Cable Relocation Grant - 2005		20,000.00					20,000.00
Railroad Museum Grant Administration Project - 2005		15,960.00					15,960.00
Administrative Budget - 2005		93,834.00					93,834.00
11 Union Square Restoration Loan - 2005		50,000.00					50,000.00
75 S. Main Street Façade Grant - 2005		25,000.00					25,000.00
FY04 Exercise Program Implementation Action Grant		2,278.20	2,278.20				
Municipal Stormwater Regulation Program	\$ 3,007.00						3,007.00
Municipal Alliance on Alcoholism and Drug Abuse:							
United Way of Warren County		2,500.00	1,750.00				750.00
Board of Education		2,500.00					2,500.00
Preferred Real Estate Developers Legal Fees		70,731.18	70,731.18				
Lead-Based Paint Abatement Grant	15,156.00						15,156.00
Hazardous Discharges Site Remediation Fund - 2005		41,178.00					41,178.00
Housing Authority Grant - Police Equipment	812.20					\$ 812.20	
Recycling Tonnage Grant		6,144.26		\$ 6,144.26			
Municipal and Charitable Conservance Trust -							
Roseberry-Gess House - 2003	65,100.00						65,100.00
Neighborhood Preservation Balanced Housing - 2004	22,500.00						22,500.00
Waterfront Development Professional Fees		10,000.00	10,000.00				
Body Armor Replacement Grant		3,446.62	3,446.62				
Assistance to Firefighters Grant Program FY04		285,651.00					285,651.00
	<u>\$ 2,107,651.97</u>	<u>\$ 2,081,957.41</u>	<u>\$ 1,869,779.61</u>	<u>\$ 6,144.26</u>	<u>\$ -0-</u>	<u>\$ 20,603.00</u>	<u>\$ 2,293,082.51</u>

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TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2004</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Transferred From Unappropriated Reserves</u>	<u>Prior Year Adjustment</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2005</u>
Federal Grants			\$ 105,629.00				
State Grants			1,681,669.43				
Local Grants			<u>82,481.18</u>				
			<u>\$ 1,869,779.61</u>				

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 1,651.43	\$ 1,651.43		\$ 1,651.43
Other Expenses	10,885.56	7,885.56	\$ 6,590.80	1,294.76
Human Resources:				
Other Expenses	1,236.21	1,236.21		1,236.21
Mayor and Council:				
Other Expenses	4,532.70	4,532.70	1,727.79	2,804.91
Municipal Clerk:				
Salaries and Wages	2,193.01	2,193.01	1,698.37	494.64
Other Expenses	5,031.81	5,031.81	2,697.24	2,334.57
Financial Administration:				
Salaries and Wages	2,244.89	2,244.89	1,520.95	723.94
Other Expenses	10,493.91	10,493.91	1,127.32	9,366.59
Audit Services	788.00	788.00		788.00
Revenue Administration:				
Salaries and Wages	1,033.68	1,033.68	1,033.68	
Other Expenses	4,956.57	4,956.57	1,005.16	3,951.41
Tax Assessment Administration:				
Salaries and Wages	896.62	896.62	657.12	239.50
Other Expenses	3,952.32	3,952.32	2,226.76	1,725.56
Legal Services:				
Other Expenses	56,038.75	56,038.75	55,042.30	996.45
Engineering Services:				
Other Expenses	39,542.75	39,542.75	27,277.19	12,265.56
LAND USE ADMINISTRATION:				
Planning Board:				
Other Expenses	2,675.00	2,675.00	650.00	2,025.00
Zoning Board:				
Other Expenses	3,000.00	3,000.00		3,000.00
Inspection:				
Salaries and Wages	12,606.97	1,606.97	758.55	848.42
Other Expenses	11,307.31	13,307.31	12,607.70	699.61
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	54,754.10	167,554.10	167,554.10	
Other Expenses	20,214.88	20,214.88	17,952.39	2,262.49
Police Dispatch/911:				
Other Expenses	24,646.38	4,646.38	2,046.93	2,599.45

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005

(Continued)

	Balance Dec. 31, 2004	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Emergency Management Services:				
Salaries and Wages	\$ 17.66	\$ 17.66		\$ 17.66
Other Expenses	80.22	80.22		80.22
Fire Department:				
Salaries and Wages	17.44	17.44		17.44
Other Expenses	23,263.82	23,263.82	\$ 17,715.92	5,547.90
Supplemental Fire Services Program	8,817.00	8,817.00		8,817.00
Municipal Prosecutor:				
Salaries and Wages	57.59	57.59		57.59
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	26,638.62	4,138.62	4,051.98	86.64
Other Expenses	84,194.27	52,194.27	34,659.25	17,535.02
Other Public Works Functions:				
Salaries and Wages	3,727.79	3,727.79	492.85	3,234.94
Other Expenses	610.80	610.80	454.01	156.79
Solid Waste Collection:				
Salaries and Wages	21,734.05	4,734.05	4,606.08	127.97
Other Expenses	2,818.70	2,818.70	2,709.64	109.06
Buildings and Grounds:				
Salaries and Wages	16,575.39	3,875.39	2,511.77	1,363.62
Other Expenses	18,619.60	18,619.60	10,557.64	8,061.96
Vehicle Maintenance:				
Salaries and Wages	7,095.96	2,395.96	1,302.15	1,093.81
Other Expenses	60,922.64	53,122.64	20,122.35	33,000.29
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	8,767.87	8,767.87	417.00	8,350.87
Contributions to Social Services:				
Other Expenses	27,915.00	27,915.00	26,188.87	1,726.13
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	3,278.02	3,278.02	1,757.98	1,520.04
Other Expenses	6,861.45	6,861.45	968.31	5,893.14
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	5,524.89	7,524.89	7,311.53	213.36
Street Lighting	5,970.79	13,070.79	12,980.33	90.46
Telephone:				
Salaries and Wages	1,786.85	1,786.85		1,786.85

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005

(Continued)

	Balance Dec. 31, 2004	Balance After Modification	Paid or Charged	Balance Lapsed
UTILITY EXPENSES AND BULK PURCHASES:				
Telephone:				
Other Expenses	\$ 12,233.92	\$ 12,233.92	\$ 12,133.92	\$ 100.00
Water	25,438.67	25,438.67	23,953.15	1,485.52
Gas (Natural or Propane)	3,864.27	7,664.27	7,635.82	28.45
Gasoline	22,111.62	22,111.62	10,419.30	11,692.32
SOLID WASTE DISPOSAL COSTS:				
Waste Disposal:				
Other Expenses	6,628.16	6,628.16	420.00	6,208.16
DEFERRED CHARGES:				
Payment of Prior Year Police Department Bills - 1998	745.00	745.00		745.00
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.I)	2,257.61	5,257.61	4,282.48	975.13
Consolidated Police and Fireman's Pension Fund	5.68	5.68		5.68
Police and Firemen's Retirement System of New Jersey	1.80	1.80		1.80
Municipal Court:				
Salaries and Wages	20,138.03	20,138.03	928.58	19,209.45
Other Expenses	11,028.84	11,028.84	7,462.20	3,566.64
Public Works Director:				
Other Expenses	5,738.38	5,738.38	1,774.37	3,964.01
Maintenance of Free Public Library	31,372.22	31,372.22	18,901.45	12,470.77
Public Defender (P.L. 1998 Chapter 256):				
Salaries and Wages	294.81	294.81		294.81
INSURANCE:				
Liability Insurance	11,081.30	11,081.30	1,502.00	9,579.30
Worker's Compensation	11,894.00	11,894.00		11,894.00
Employees Group Insurance	156,216.31	156,216.31	65,675.93	90,540.38
Unemployment Insurance	2,192.57	2,192.57	2,192.57	
	<u>\$ 933,222.50</u>	<u>\$ 933,222.50</u>	<u>\$ 610,263.78</u>	<u>\$ 322,958.72</u>

Ref.

Analysis of Balance on December 31, 2004:

Unencumbered	A	\$ 755,879.92
Encumbered	A	<u>177,342.58</u>
		<u>\$ 933,222.50</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005
 (Continued)

	<u>Balance</u> Dec. 31, 2004	<u>Balance</u> After Modification	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
		<u>Ref.</u>		
Cash Disbursed			\$ 484,184.77	
Accounts Payable		A	<u>126,079.01</u>	
			<u>\$ 610,263.78</u>	

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2004	A	\$ 99,786.00
Increased by:		
2005 School Tax Levy		<u>6,354,522.00</u>
		6,454,308.00
Decreased by:		
Payments to Local School District		<u>6,326,052.00</u>
Balance December 31, 2005	A	<u>\$ 128,256.00</u>

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2004	Transferred from Budget Appropriations	Expended	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Community Development - 1989	\$ 33,403.00				\$ 33,403.00	
Shade Tree Program:						
1992	4,450.00		\$ 2,000.00		2,450.00	
1993	3,822.00				3,822.00	
1994	11,200.00				11,200.00	
Clean Communities Program:						
1999	580.90				580.90	
2001	4,729.99				561.55	\$ 4,168.44
2002	697.96				697.96	
2003	133.88		40.67			93.21
2004	4,478.44		4,452.53			25.91
2005		\$ 14,874.15	14,337.45			536.70
Drunk Driving Enforcement Fund:						
2002	5,930.08		5,378.09			551.99
Reserve for Drunk Driving Enforcement Fund:						
2002	1,165.06					1,165.06
2004	13,019.26					13,019.26
Municipal Alliance Program:						
2000 - State	2,134.49				2,134.49	
2000 - Local	714.50				714.50	
2001 - Local	3,609.68				3,609.68	
2002 - State	1,876.44				1,876.44	
2003 - Local	1,130.25					1,130.25
2003 - State	3.09					3.09
2003 - Board of Education	837.02					837.02
2004 - State	6,603.50		5,406.58			1,196.92
2004 - Local	2,475.00		1,120.25			1,354.75
2005 - State		11,760.00	10,785.60			974.40
2005 - Local		2,940.00	2,435.09			504.91

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	Balance Dec. 31, 2004	Transferred from Budget Appropriations	Expended	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
U.S. Environmental Protection Agency:						
Brownfield Redevelopment Pilot	\$ 21,893.49					\$ 21,893.49
Hepatitis B Fund	3,780.00					3,780.00
N.J. Department of Human Services:						
N.J. Youth Corps - 2003 - ALWY4N	46,053.00					46,053.00
N.J. Youth Corps - 2004 - WWBF4N	336.00		\$ 336.00			
N.J. Youth Corps - 2004 - BWBF4N	7,915.00		7,915.00			
N.J. Youth Corps - 2004 - ALWY5N	344,325.00		344,325.00			
N.J. Youth Corps - 2004 - WLWY5N	224,820.00		224,820.00			
N.J. Department of Labor and Workforce Development:						
N.J. Youth Corps - 2005 - ALWY5N		\$ 76,650.00	76,650.00			
N.J. Youth Corps - 2006 - ALWY5N		376,000.00	71,400.00			304,600.00
Workfirst NJ - TANF		50,000.00				50,000.00
Neighborhood Preservation Program	1,982.65					1,982.65
Neighborhood Preservation Balanced Housing - 2004	22,500.00					22,500.00
Reserve for Recreation:						
2002	717.28					717.28
2003	516.99					516.99
2004	81.48					81.48
Body Armor Replacement Grant:						
2001	731.77		731.77			
2002	3,212.29		3,212.29			
2003	3,300.97		3,300.97			
2004	3,060.25		206.52			2,853.73
2005		3,446.62				3,446.62
Housing Authority Grant - Police Equipment	812.11		812.11			
Community Reinvestment Grant - Vista Bankcorp:						
Valleyview Neighborhood Grant - 2000	510.29					510.29
Valleyview Neighborhood Grant - 2002	2,500.00					2,500.00
Assistance to Firefighters Grant Program FY04		285,651.00	74,317.68			211,333.32
FY04 Exercise Program Implementation Action Grant		2,278.20				2,278.20

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	Balance Dec. 31, 2004	Transferred from Budget Appropriations	Expended	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Municipal Alliance on Alcoholism and Drug Abuse - United Way of Warren County:						
2004	\$ 1,500.00		\$ 1,500.00			
2005		\$ 2,500.00				\$ 2,500.00
Board of Education:						
2002	3,864.75		2,000.00		\$ 1,864.75	
2004	2,500.00		2,004.63			495.37
2005		2,500.00	1,550.46			949.54
Emergency Management:						
2003	474.70		474.70			
2004	4,000.00		4,000.00			
2005		4,000.00	2,930.80			1,069.20
Urban Enterprise Project:						
Railroad Historians Project - 1998	5,655.31					5,655.31
Shappel Park - 1998	24,594.00					24,594.00
Administrative Budget - 1999	1,382.99					1,382.99
Administrative Budget - 2000	22,276.27					22,276.27
Railroad Historian Project Amendment - 2000	4,271.00					4,271.00
Ingersoll-Rand Redevelopment - 2000	785.21					785.21
S. Main Street Receptacles and Planters - 2000	84.30					84.30
Sawmill Street Improvements - 2000	6,356.00					6,356.00
Brainard Street Parking Lot - 2001	15,325.01					15,325.01
Hudson Street Improvement Project - 2001	425.00					425.00
Ingersoll-Rand Acquisition - 2001/2002	1,902.02		109.25	\$ (1,581.20)		211.57
Bullman Street Steps - 2001	3,636.14					3,636.14
Administrative Budget - 2001	26,849.61					26,849.61
Union Square Acquisition - 2001	750.88					750.88
Market Street Streetscape and Engineering - 2002/2003	689.75			1,581.20		2,270.95
Union Square - 2002	1,951.00					1,951.00
Center Street Extension - 2002	16,892.40		10,968.71			5,923.69
Union Square Engineering - 2003	17,470.00					17,470.00
Administrative Budget - 2003	239.92					239.92
Marketing Program - 2003	3,359.34		879.45			2,479.89

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	Balance Dec. 31, 2004	Transferred from Budget Appropriations	Expended	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Urban Enterprise Project:						
43-45 S. Main Street - 2003	\$ 150,000.00		\$ 130,000.00			\$ 20,000.00
Grant Application Streetscape - 2003	8.20					8.20
Shappell Park - Phase II - 2003	3,950.05		485.50			3,464.55
Bicycle Patrol Project - 2003	624.15					624.15
Bel-Del Railroad Excursion - 2003	558.00					558.00
Market Street Streetscape - 2003	37,800.00		1,005.00			36,795.00
Facade Project - 140 S. Main Street - 2003	2,084.24					2,084.24
U.S. Gas Redevelopment Plan - 2003	2,736.00					2,736.00
Ingersoll Rand Grant Application - 2003	8,079.80		6,123.35			1,956.45
74 S. Main Street Renovation - 2003	1,922.69					1,922.69
Administrative Budget - 2004	57,556.14		50,959.67			6,596.47
Susquehanna Railroad Project - 2004	2,405.60		2,405.60			
55 South Main Street - 2004	23,850.00					23,850.00
Tenant Incentive Package - 2004	83,730.00		26,939.86			56,790.14
Marketing Program Phase II - 2004	7,675.04		7,675.04			
Railroad Museum Grant - 2004	4,248.74		4,192.65			56.09
511 South Main Street Façade Grant - 2004	25,000.00		25,000.00			
Trolley Bus Restoration Project - 2004	21,881.99		21,856.92			25.07
123 South Main Street Façade Grant - 2004	15,000.00					15,000.00
Curbside Appeal Project - 2004	10,000.00		1,495.50			8,504.50
Shappell Park Restoration - Phase II - 2004	5,000.00		1,410.00			3,590.00
U.S. Gas Appraisal - 2004	7,000.00		7,000.00			
Stateline Chiropractic & Wellness Center Loan - 2004	45,000.00		45,000.00			
Square to Square Planning Project - 2004	5,000.00		5,000.00			
Market Street Parking Meter Project - 2004	24,888.00		24,888.00			
Neighborhood Revitalization Tax Credit Plan - 2004	29,368.00		4,827.90			24,540.10
Railroad Excursion Marketing Program - 2004	35,000.00		34,935.24			64.76
Website Administration - 2005		\$ 12,000.00	2,538.00			9,462.00
Hi Qu Italian American Stone Co. Loan - 2005		150,000.00	150,000.00			
Marketing Phase III - 2005		30,000.00	29,668.91			331.09
120 South Main Street Façade Grant - 2005		50,000.00	50,000.00			
Horizon Lamps Retention Project Grant - 2005		4,200.00				4,200.00
Susquehanna Steam Engine Project Grant - 2005		42,000.00	35,750.00			6,250.00

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	Balance Dec. 31, 2004	Transferred from Budget Appropriations	Expended	Prior Year Adjustment	Cancelled	Balance Dec. 31, 2005
Urban Enterprise Project:						
Phillipsburg Railroad Museum Engineering Project - 2005		\$ 31,650.00	\$ 10,197.50			\$ 21,452.50
Edward Literacy Enrichment Center Façade - 2005		25,000.00				25,000.00
Police Patrols - Phase IV - 2005		24,000.00	9,725.42			14,274.58
Truarc Relocation Grant - Phase I - 2005		60,000.00	60,000.00			
Kin-Cor Relocation Grant - 2005		10,000.00				10,000.00
310-312 S. Main Street Façade Grant - 2005		20,000.00				20,000.00
Cooper Electric Relocation Grant - 2005		15,600.00	15,600.00			
Eupen Cable Relocation Grant - 2005		20,000.00				20,000.00
Railroad Museum Grant Administration Project - 2005		15,960.00	7,639.55			8,320.45
Administrative Budget - 2005		93,834.00	24,913.09			68,920.91
11 Union Square Restoration Loan - 2005		50,000.00				50,000.00
75 S. Main Street Façade Grant - 2005		25,000.00				25,000.00
Hazardous Discharge Site Remediation:						
1998	\$ 41,308.22		26,129.75			15,178.47
2005		41,178.00				41,178.00
Recycling Tonnage Grant:						
1998	1,268.56					1,268.56
2004	958.25		958.25			
2005		6,144.26	503.08			5,641.18
Wal-Mart Foundation - Police Department - K-9 Expenses	550.00		550.00			
Municipal Stormwater Regulation Program	12,029.00		8,031.75			3,997.25
Public Library Construction Bond Fund Program	387.00					387.00
Preferred Real Estate Developers Legal Fees:						
2004	30,200.61		30,200.61			
2005		70,731.18	27,233.73			43,497.45
State and Local All Hazards Emergency Operation Planning Program	2,405.72		378.68			2,027.04
Lead-Based Paint Abatement Grant	1,615.00		1,615.00			
Statewide Livable Communities Grant Local Library Aid	11,776.00		11,704.58			71.42
Municipal and Charitable Conservance Trust - Roseberry-Gess House - 2001/2003	93,000.00		14,880.00			78,120.00
Small Cities Grants:						
2002	834.98				\$ 834.98	
Reserve for Recycling Grant:						
2004	3,503.30					3,503.30

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Transferred</u> <u>from</u> <u>Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Prior Year</u> <u>Adjustment</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Reserve for Domestic Violence Grant	\$ 3,128.00					\$ 3,128.00
Reserve for Senior Citizens Grant:						
2002	717.19		\$ 717.19			
2003	516.94		516.94			
2004	81.47		81.47			
N.J. Department of Community Affairs:						
Smart Growth Planning Grant	251.09				\$ 251.09	
Green Communities Challenge Grant:						
2005 - State		\$ 4,000.00			2,000.00	2,000.00
2005 - Local		1,000.00				1,000.00
Waterfront Development Professional Fees		10,000.00	10,000.00			
N.J. Transportation Trust Fund Authority Act:						
1997 - Supplemental	11,000.00					11,000.00
2001 - Alley Paving	0.04				0.04	
2003 - Pedestrian Safety Program	75,950.00		75,950.00			
2005 - Hillcrest Boulevard		130,000.00				130,000.00
2005 - Supplemental Hillcrest Boulevard		11,000.00				11,000.00
2005 - Gateway to Phillipsburg Grant		300,000.00				300,000.00
	<u>\$ 1,861,126.72</u>	<u>\$ 2,085,897.41</u>	<u>\$ 1,887,085.33</u>	<u>\$ -0-</u>	<u>\$ 66,001.38</u>	<u>\$ 1,993,937.42</u>
<u>Ref.</u>	A					A
Federal/State/Local Grants		\$ 2,081,957.41				
Local Matching Funds		<u>3,940.00</u>				
		<u>\$ 2,085,897.41</u>				
Federal Grants			\$ 158,678.11			
State Grants			1,632,804.74			
Local Grants			92,047.14			
Local Matching Funds			<u>3,555.34</u>			
			<u>\$ 1,887,085.33</u>			

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
TRUST FUNDS

TOWN OF PHILLIPSBURG
TRUST FUNDS
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control</u> <u>Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2004	B	\$ 10,596.86	\$ 1,111,574.46
Increased by Receipts:			
Dog License Fees		\$ 4,509.00	
Cat License Fees		1,102.50	
Dog/Cat License Late Fees		546.00	
Replacement Tags		2.50	
Interest Earned		22.99	
Due from Current Fund:			
Partial Settlement of Prior Year Interfund		33.00	
Due from Federal and State Grant Fund:			
Settlement of Prior Year Interfund			\$ 2,425.55
Community Development Revolving Loan			
Program Receivable - Principal Repayments			129,932.32
Neighborhood Preservation Program Grants Receivable			58,486.00
Small Cities Block Grants Receivable			36,032.00
Reserve for:			
Planning Board/Zoning Board Escrow			143,994.50
Public Defender			1,412.23
Parking Offense Adjudication Act			948.00
Bernards Township R.C.A. Program:			
Interest Earned			9,552.38
Miscellaneous Receipts			55,095.60
Neighborhood Preservation Program - Other Receipts			750.25
Police Outside Services			116,114.99
Small Cities Block Grants - Program Income			10,000.00
Accumulated Sick and Vacation			10,000.00
Federally Funded Housing Assistance (Section 8 Program):			
Grant Funds			1,615,574.00
Miscellaneous Receipts			48,262.28

TOWN OF PHILLIPSBURG
TRUST FUNDS
SCHEDULE OF CASH
(Continued)

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	
Increased by Receipts:				
Community Development Revolving Loan Program:				
Interest on Deposits/Loans			\$ 20,867.59	
Due to/from Current Fund:				
Settlement of Prior Year Interfund			925.58	
Interest Earned			69.28	
		<u>\$ 6,215.99</u>	<u>925.58</u>	<u>\$ 2,260,442.55</u>
		16,812.85	69.28	3,372,017.01
Decreased by Disbursements:				
Administrative Expenses		\$ 840.00		
Due to/from Current Fund:				
Settlement of Prior Year Interfund			67.21	
Reserve for:				
Planning/Zoning Board Escrow			148,300.26	
Federally Funded Housing Assistance - Section 8 Program:				
Program Expenditures			1,682,553.63	
Accumulated Sick and Vacation			39,803.87	
Police Outside Services			112,582.53	
Community Development Revolving Loan Program:				
Loans Issued			105,000.00	
Neighborhood Preservation Grants			35,756.48	
Small Cities Block Grants			39,938.25	
Bernards Township R.C.A. Expenditures			195,187.00	
		<u>840.00</u>	<u>195,187.00</u>	<u>2,359,189.23</u>
Balance December 31, 2005	B	<u>\$ 15,972.85</u>		<u>\$ 1,012,827.78</u>

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
ANALYSIS OF ASSESSMENT TRUST FUND CASH
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

TOWN OF PHILLIPSBURG
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2004	B	\$ 10,631.06
Increased by:		
Cash Received:		
Dog License Fees		\$ 4,509.00
Cat License Fees		1,102.50
Cat/Dog License Late Fees		546.00
Replacement Tags		2.50
Interest Earned		22.99
Due from Current Fund:		
Cat License Fees		6.00
		6,188.99
		16,820.05
Decreased by:		
Expenditures Under R.S.4:19-15.11		840.00
Statutory Excess Due Current Fund		4,762.75
		5,602.75
Balance December 31, 2005	B	\$ 11,217.30

License Fees Collected

<u>Year</u>	<u>Amount</u>
2003	\$ 5,725.50
2004	5,491.80
	5,491.80
Maximum Allowable Reserve	\$ 11,217.30

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 457,990.61
Increased by:		
Capital Improvement Fund:		
2005 Budget Appropriation		\$ 65,500.00
Green Acres Grant Receivable		250,000.00
Green Acres Loan Receivable		250,000.00
Bond Anticipation Notes Issued		919,200.00
Due to Current Fund:		
Interest Earned		1,978.31
		<u>1,486,678.31</u>
		1,944,668.92
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund		729.68
Improvement Authorization Expenditures		1,257,355.87
		<u>1,258,085.55</u>
Balance December 31, 2005	C	<u>\$ 686,583.37</u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance (Deficit) Dec. 31, 2004	Receipts			Disbursements			Balance (Deficit) Dec. 31, 2005	
		Miscellaneous	Bond	Budget	Miscellaneous	Improvement	Transfers		
			Anticipation	Appropriation		Authorization	From		To
		Notes		Expenditures					
Fund Balance	\$ 60,073.03							\$ 60,073.03	
Capital Improvement Fund	25,621.84		\$ 65,500.00		\$ 65,500.00			25,621.84	
Reserve for Payment of Debt Service						\$194,717.30		194,717.30	
Due To Current Fund	729.68	\$ 1,978.31		\$ 729.68				1,978.31	
Green Acres Grant Receivable	(250,000.00)	250,000.00							
Green Acres Loan Receivable	(250,000.00)	250,000.00							
Ord. No.	Improvement Description								
90-10									
						194,717.30			
	194,717.30								
95-21	6,724.30				\$ 5,926.00			798.30	
99-05;									
99-16	26,853.68				18,771.14			8,082.54	
00-16	12,287.98				5,034.30			7,253.68	
01-08	65,002.31				10,959.89			54,042.42	
02-04	208,135.88				37,370.05			170,765.83	
03-04	395,989.25				136,411.36			259,577.89	
03-05									
	(11,400.00)	\$ 11,400.00							
04-08	(26,744.64)	907,800.00			651,818.45			229,236.91	
05-18					391,064.68		\$ 65,500.00	(325,564.68)	
	<u>\$ 457,990.61</u>	<u>\$ 501,978.31</u>	<u>\$ 919,200.00</u>	<u>\$ 65,500.00</u>	<u>\$ 729.68</u>	<u>\$1,257,355.87</u>	<u>\$260,217.30</u>	<u>\$260,217.30</u>	<u>\$ 686,583.37</u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2004	2005 Authorization	Notes Paid by Budget Appropriation	Balance Dec. 31, 2005	Analysis of Balance December 31, 2005		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
99-05;								
99-16	Various Capital Improvements	\$ 476.50			\$ 476.50			\$ 476.50
02-04	Various Capital Improvements	778,500.00		\$ 78,500.00	700,000.00	\$ 700,000.00		
03-04	Various Capital Improvements	825,500.00		100,500.00	725,000.00	725,000.00		
03-05	Acquisition of Equipment for the Police Department	11,400.00			11,400.00	11,400.00		
04-08	Various Capital Improvements	907,800.00			907,800.00	907,800.00		229,236.91
05-18	Various Capital Improvements		\$ 1,222,820.00		1,222,820.00		\$ 325,564.68	897,255.32
		<u>\$ 2,523,676.50</u>	<u>\$ 1,222,820.00</u>	<u>\$ 179,000.00</u>	<u>\$ 3,567,496.50</u>	<u>\$ 2,344,200.00</u>	<u>\$ 325,564.68</u>	<u>\$ 1,126,968.73</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded		\$ 1,557,312.45
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:		
Ord. #02-04	\$ 170,765.83	
Ord. #03-04	259,577.89	
	<u>430,343.72</u>	
		<u>\$ 1,126,968.73</u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2004		2005 Authorization		Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2005	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund			Funded	Unfunded
90-10	Reconstruction and Rehabilitation of Wastewater Disposal Facility	06/05/90	\$1,056,303.00	\$ 194,717.30					\$ 194,717.30		
95-21	Various Capital Improvements	06/06/95	954,100.00	6,724.30				\$ 5,926.00		\$ 798.30	
99-05;		03/02/99									
99-16	Various Capital Improvements	09/07/99	1,005,900.00	26,853.68	\$ 476.50			18,771.14		8,082.54	\$ 476.50
00-16	Various Capital Improvements	04/04/00	741,000.00	12,287.98				5,034.30		7,253.68	
01-08	Various Capital Improvements	05/01/01	1,027,912.00	65,002.31				10,959.89		54,042.42	
02-04	Various Capital Improvements	04/16/02	915,000.00		208,135.88			37,370.05			170,765.83
03-04	Various Capital Improvements	04/01/03	967,385.00		395,989.25			136,411.36			259,577.89
04-08	Various Capital Improvements	04/20/04	967,800.00		881,055.36			651,818.45			229,236.91
05-18	Various Capital Improvements	05/03/05	1,288,320.00			\$1,222,820.00	\$ 65,500.00	391,064.68			897,255.32
				<u>\$ 305,585.57</u>	<u>\$ 1,485,656.99</u>	<u>\$1,222,820.00</u>	<u>\$ 65,500.00</u>	<u>\$1,257,355.87</u>	<u>\$ 194,717.30</u>	<u>\$ 70,176.94</u>	<u>\$ 1,557,312.45</u>
	<u>Ref.</u>			C	C					C	C
								Reserve to Pay Debt Service	<u>\$ 194,717.30</u>		

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2004	C	\$ 25,621.84
Increased by:		
2004 Budget Appropriation		<u>65,500.00</u>
		91,121.84
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>65,500.00</u>
Balance December 31, 2005	C	<u><u>\$ 25,621.84</u></u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance Dec. 31, 2004	Issued	Matured	Balance Dec. 31, 2005
			Issue	Maturity					
02-04	Various Capital Improvements	09/30/03	09/23/04 09/21/05	09/22/05 09/20/06	1.81% 3.05%	\$ 778,500.00	\$ 700,000.00	\$ 778,500.00	\$ 700,000.00
03-04	Various Capital Improvements	09/30/03	09/23/04 09/21/05	09/22/05 09/20/06	1.81% 3.05%	825,500.00	725,000.00	825,500.00	725,000.00
03-05	Acquisition of Equipment for the Police Department	05/19/05	05/19/05	05/18/06	2.76%		11,400.00		11,400.00
04-08	Various Capital Improvements	05/19/05	05/19/05	05/18/06	2.76%		907,800.00		907,800.00
						<u>\$1,604,000.00</u>	<u>\$ 2,344,200.00</u>	<u>\$1,604,000.00</u>	<u>\$2,344,200.00</u>
					<u>Ref.</u>	C			C
			New Issues				\$ 919,200.00		
			Renewals				1,425,000.00	\$1,425,000.00	
			Paid by Budget Appropriation					179,000.00	
							<u>\$ 2,344,200.00</u>	<u>\$1,604,000.00</u>	

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2004	Matured	Balance Dec. 31, 2005
			Outstanding Date	Dec. 31, 2005 Amount				
General Improvement Bonds of 2001	10/10/01	\$ 6,408,000.00	08/15/2006	\$ 445,000.00	5.00%			
			08/15/2007	460,000.00	5.00%			
			08/15/2008	485,000.00	5.00%			
			08/15/2009	505,000.00	4.25%			
			08/15/2010	525,000.00	4.00%			
			08/15/2011	550,000.00	5.00%			
			08/15/2012	580,000.00	4.20%			
			08/15/2013	605,000.00	4.375%			
			08/15/2014	638,000.00	4.40%			
						\$ 5,218,000.00	\$ 425,000.00	\$ 4,793,000.00
						\$ 5,218,000.00	\$ 425,000.00	\$ 4,793,000.00
					<u>Ref.</u>	C		C

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF NJ WASTEWATER TREATMENT LOANS PAYABLE

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2004	C	\$ 481,194.62	\$ 346,870.98
Decreased by:			
Loans Paid by Current Fund		<u>62,145.13</u>	<u>52,012.03</u>
Balance December 31, 2005	C	<u>\$ 419,049.49</u>	<u>\$ 294,858.95</u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2004	Balance Dec. 31, 2005
01-16	Improvements to Delaware Heights Park	\$ 250,000.00	\$ 250,000.00
	<u>Ref.</u>	C	C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2005

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 250,000.00
1	7/11/06	\$ 2,500.00	\$ 5,272.90	244,727.10
2	1/11/07	2,447.27	5,325.63	239,401.47
3	7/11/07	2,394.01	5,378.88	234,022.59
4	1/11/08	2,340.23	5,432.67	228,589.92
5	7/11/08	2,285.90	5,487.00	223,102.92
6	1/11/09	2,231.03	5,541.87	217,561.05
7	7/11/09	2,175.61	5,597.29	211,963.76
8	1/11/10	2,119.64	5,653.26	206,310.50
9	7/11/10	2,063.10	5,709.80	200,600.70
10	1/11/11	2,006.01	5,766.89	194,833.81
11	7/11/11	1,948.34	5,824.56	189,009.25
12	1/11/12	1,890.09	5,882.80	183,126.45
13	7/11/12	1,831.26	5,941.64	177,184.81
14	1/11/13	1,771.85	6,001.05	171,183.76
15	7/11/13	1,711.84	6,061.06	165,122.70
16	1/11/14	1,651.23	6,121.67	159,001.03
17	7/11/14	1,590.01	6,182.89	152,818.14
18	1/11/15	1,528.18	6,244.72	146,573.42
19	7/11/15	1,465.73	6,307.16	140,266.26
20	1/11/16	1,402.66	6,370.24	133,896.02
21	7/11/16	1,338.96	6,433.94	127,462.08
22	1/11/17	1,274.62	6,498.28	120,963.80
23	7/11/17	1,209.64	6,563.26	114,400.54
24	1/11/18	1,144.01	6,628.89	107,771.65
25	7/11/18	1,077.72	6,695.18	101,076.47
26	1/11/19	1,010.76	6,762.14	94,314.33
27	7/11/19	943.14	6,829.75	87,484.58
28	1/11/20	874.85	6,898.05	80,586.53
29	7/11/20	805.87	6,967.04	73,619.49
30	1/11/21	736.19	7,036.70	66,582.79
31	7/11/21	665.83	7,107.07	59,475.72
32	1/11/22	594.76	7,178.14	52,297.58
33	7/11/22	522.98	7,249.93	45,047.65
34	1/11/23	450.48	7,322.42	37,725.23
35	7/11/23	377.25	7,395.65	30,329.58
36	1/11/24	303.30	7,469.60	22,859.98
37	7/11/24	228.60	7,544.30	15,315.68
38	1/11/25	153.16	7,619.74	7,695.94
39	7/11/25	76.96	7,695.94	-0-
		<u>\$ 53,143.07</u>	<u>\$ 250,000.00</u>	

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2004	2005 Authorizations	Notes Paid by Budget Appropriation	Bond Anticipation Notes Matured	Bond Anticipation Notes Issued	Balance Dec. 31, 2005
99-05; 99-16	Various Capital Improvements	\$ 476.50					\$ 476.50
02-04	Various Capital Improvements			\$ 78,500.00	\$ 778,500.00	\$ 700,000.00	
03-04	Various Capital Improvements			100,500.00	825,500.00	725,000.00	
03-05	Acquisition of Equipment for the Police Department	11,400.00				11,400.00	
04-08	Various Capital Improvements	907,800.00				907,800.00	
05-18	Various Capital Improvements		\$ 1,222,820.00				1,222,820.00
		<u>\$ 919,676.50</u>	<u>\$ 1,222,820.00</u>	<u>\$ 179,000.00</u>	<u>\$ 1,604,000.00</u>	<u>\$ 2,344,200.00</u>	<u>\$ 1,223,296.50</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2005
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2004	E	\$ 2,480,624.79	\$ 1,192,859.95
Increased by Receipts:			
Utility Collector		\$ 1,650,000.00	
Sewer Rents - Other Municipalities		2,190,270.99	
Nonbudget Revenue		80,427.07	
Due from Current Fund:			
Settlement of Prior Year Interfund		1,385.16	
Due to/from Sewer Utility Capital Fund:			
Settlement of Prior Year Interfund		1,329.38	
2005 Budget Appropriation:			
Capital Improvement Fund			\$ 40,000.00
Reserve for Sewer Improvements			272,000.00
Due to/from Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund			40,000.00
Interest Earned			3,833.95
		<u>3,923,412.60</u>	<u>355,833.95</u>
		6,404,037.39	1,548,693.90
Decreased by Disbursements:			
2005 Appropriation Expenditures		3,407,716.96	
2004 Appropriation Reserves		281,370.65	
Accrued Interest on Loans		192,228.96	
Improvement Authorization Expenditures			131,709.63
Due to Sewer Utility Capital Fund:			
Settlement of Prior Year Interfund		40,000.00	
Due to/from Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund			1,329.38
		<u>3,921,316.57</u>	<u>133,039.01</u>
Balance December 31, 2005	E	<u>\$ 2,482,720.82</u>	<u>\$ 1,415,654.89</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance	Receipts		Disbursements		Transfers		Balance
	(Deficit)				Improvement			(Deficit)
	Dec. 31, 2004	Miscellaneous	Miscellaneous	Authorizations		From	To	Dec. 31, 2005
Capital Improvement Fund	\$ 164,181.00	\$ 40,000.00					\$ 48,990.46	\$ 253,171.46
Due to/from Sewer Utility Operating Fund	(38,670.62)	43,833.95	\$ 1,329.38					3,833.95
Reserve for Sewer Improvements	693,000.00	272,000.00				\$ 599,100.00		365,900.00
Reserve for Payment of Debt Service							2,694,146.19	2,694,146.19
Fund Balance	100.00						184,240.09	184,340.09
<u>Improvement Authorizations:</u>								
#88-17 Reconstruction of Wastewater Disposal Facility	2,694,146.19					2,694,146.19		
#89-12 Asbestos Removal at the Sewage Treatment Plant	20,583.65					20,583.65		
#90-10 Reconstruction and Rehabilitation of the Wastewater Disposal Facility	(2,709,773.85)							(2,709,773.85)
#93-32 Various Capital Improvements	184,240.09					184,240.09		
#94-40 Capital Purchases	27,282.00					27,282.00		
#00-21 Purchase of Stihl 14" Concrete Saw	74.81					74.81		
#01-13 Preparation of Limit Analysis Study, Wastewater Plan, Purchase of Sewer Router and Replacement of Pump	40,518.39				\$ 18,028.27			22,490.12
#02-12 Services Associated with New Sanitary Sewer Outfall in the Delaware River	60,261.04				287.50			59,973.54
#02-29 Purchase of Sewer Jet-Vac	1,050.00					1,050.00		
#03-01 Additional Services for Wastewater Treatment Management Plan	9,567.25							9,567.25
#04-10 Replacement of SBR Blower and PS-1 Pump A at the Wastewater Treatment Plant	16,300.00							16,300.00

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER UTILITY CAPITAL CASH

	Balance (Deficit) Dec. 31, 2004	Receipts Miscellaneous	Disbursements		Transfers		Balance (Deficit) Dec. 31, 2005
			Miscellaneous	Improvement Authorizations	From	To	
<u>Improvement Authorizations:</u>							
#04-24 Purchase of a Sutor Blower for the Wastewater Treatment Plant	\$ 30,000.00			\$ 28,698.00			\$ 1,302.00
#05-19 General Improvements to the Wastewater Treatment Plant and Associated Facilities				78,903.29		\$ 525,000.00	446,096.71
#05-26 General Improvements Including but not Limited to Phosphorous Study and Laboratory Services for Local Limit Analysis				5,792.57		74,100.00	68,307.43
	<u>\$ 1,192,859.95</u>	<u>\$ 355,833.95</u>	<u>\$ 1,329.38</u>	<u>\$ 131,709.63</u>	<u>\$3,526,476.74</u>	<u>\$ 3,526,476.74</u>	<u>\$ 1,415,654.89</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - SEWER COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 31,688.60
Increased by:		
Consumer Accounts Receivable		\$ 1,610,676.88
Interest on Sewer Rents		14,203.26
Interest on Investments		200.10
		<u>1,625,080.24</u>
		1,656,768.84
Decreased by:		
Disbursed to Sewer Treasurer		<u>1,650,000.00</u>
Balance December 31, 2005	E	<u>\$ 6,768.84</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 152,428.69
Increased by:		
Sewer Rents Levied		1,612,490.05
		<u>1,764,918.74</u>
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable	\$ 465.00	
Sewer Collector - Cash Received	<u>1,610,676.88</u>	
		<u>1,611,141.88</u>
Balance December 31, 2005	E	<u><u>\$ 153,776.86</u></u>

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 8,558.95
Increased by:		
Transfer from Consumer Accounts Receivable	\$ 465.00	
Interest and Costs on Tax Sale	<u>139.96</u>	
		<u>604.96</u>
		<u>9,163.91</u>
Decreased by:		
Cash Received	443.57	
Cancelled - Foreclosed Property	<u>6,919.27</u>	
		<u>7,362.84</u>
Balance December 31, 2005	E	<u><u>\$ 1,801.07</u></u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Additions</u> <u>By Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
Sewer Treatment Plant	\$ 24,074,083.00	\$ 2,211,303.85	\$ 26,285,386.85
Various Capital Improvements		113,359.91	113,359.91
General Equipment	166,309.00	259,793.19	426,102.19
	<u>\$ 24,240,392.00</u>	<u>\$ 2,584,456.95</u>	<u>\$ 26,824,848.95</u>
<u>Ref.</u>	E		E

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2004	2005	Authorizations Cancelled	Costs to Fixed Capital	Balance Dec. 31, 2005
				Authorizations Capital Improvement Fund			
88-17	06/21/88	Reconstruction of the Wastewater Disposal Facility	\$ 1,970,000.00		\$ 1,970,000.00		
90-10	06/05/90	Reconstruction and Rehabilitation of the Wastewater Disposal Facility	3,829,095.00		1,617,791.15	\$ 2,211,303.85	
93-32	11/04/93	Various Capital Improvements	344,000.00		230,640.09	113,359.91	
94-40	12/06/94	Capital Purchases	62,000.00		27,282.00	34,718.00	
00-21	05/16/00	Purchase of Stihl 14" Concrete Saw	1,200.00		74.81	1,125.19	
01-13	06/05/01	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement of Pump	96,000.00				\$ 96,000.00
02-12	08/06/02	Services Associated With New Sanitary Sewer Outfall in the Delaware River	71,100.00				71,100.00
02-29	12/03/02	Purchase of Sewer Jet-Vac	225,000.00		1,050.00	223,950.00	
03-01	01/21/03	Additional Services for Wasterwater Management Plan	15,500.00				15,500.00
04-10	04/06/04	Replacement of SBR Blower and PS-1 Pump A at the Wastewater Treatment Plant	45,000.00				45,000.00
04-24	10/05/04	Purchase of a Sutor Blower for the Wastewater Treatment Plant	30,000.00				30,000.00
05-19	05/03/05	General Improvements to the Wastewater Treatment Plant and Associated Facilities		\$ 525,000.00			525,000.00
05-26	06/28/05	General Improvements Including but not Limited to Phosphorous Study and Laboratory Services for Loeal Limit Analysis		74,100.00			74,100.00
			<u>\$ 6,688,895.00</u>	<u>\$ 599,100.00</u>	<u>\$ 3,846,838.05</u>	<u>\$ 2,584,456.95</u>	<u>\$ 856,700.00</u>

Ref.

E

E

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2004 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2005

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 18,869.80	\$ 18,869.80	\$ 3,917.68	14,952.12
Other Expenses	519,328.84	519,328.84	276,266.21	\$ 243,062.63
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	1,375.54	1,375.54	299.71	1,075.83
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	3,982.28	3,982.28	887.05	3,095.23
	<u>\$ 543,556.46</u>	<u>\$ 543,556.46</u>	<u>\$ 281,370.65</u>	<u>\$ 262,185.81</u>

	<u>Ref.</u>	
<u>Analysis of Balance December 31, 2004</u>		
Unencumbered	E	\$ 302,591.35
Encumbered	E	240,965.11
		<u>\$ 543,556.46</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2004		2005 Authorizations	Paid or Charged	Improvement Authorizations Cancelled	Balance
				Funded	Unfunded	Reserve for Sewer Improvements			December 31, 2005
88-17	Reconstruction of Wastewater Disposal Facility	06/21/88	\$ 17,544,000.00	\$ 2,694,146.19				\$ 2,694,146.19	
89-12	Asbestos Removal at the Sewage Treatment Plant	05/02/89	100,000.00	20,583.65				20,583.65	
90-10	Reconstruction and Rehabilitation of the Wastewater Disposal Facility	06/05/90	7,893,697.00		\$ 1,617,791.15			1,617,791.15	
93-32	Various Capital Improvements	11/04/93	344,000.00	184,240.09	46,400.00			230,640.09	
94-40	Capital Purchases	12/06/94	62,000.00	27,282.00				27,282.00	
00-21	Purchase of Stihl 14" Concrete Saw	05/16/00	1,200.00	74.81				74.81	
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement of Pump	06/05/01	96,000.00	40,518.39			\$ 18,028.27		\$ 22,490.12
02-12	Services Associated With New Sanitary Sewer Outfall in Delaware River	08/06/02	71,100.00	60,261.04			287.50		59,973.54
02-29	Purchase of Sewer Jet-Vac	12/03/02	225,000.00	1,050.00				1,050.00	
03-01	Additional Services for Wastewater Management Plan	01/21/03	15,500.00	9,567.25					9,567.25
04-10	Replacement of SBR Blower and PS-1 Pump A at the Wastewater Treatment Plant	04/06/04	45,000.00	16,300.00					16,300.00
04-24	Purchase of a Sutor Blower for the Wastewater Treatment Plant	10/05/04	30,000.00	30,000.00			28,698.00		1,302.00
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/03/05	525,000.00			\$ 525,000.00	* 78,903.29		446,096.71
05-26	General Improvements Including but not Limited to Phosphorous Study and Laboratory Services for Local Limit Analysis	06/28/05	74,100.00			74,100.00	5,792.57		68,307.43
				<u>\$ 3,084,023.42</u>	<u>\$ 1,664,191.15</u>	<u>\$ 599,100.00</u>	<u>\$ 131,709.63</u>	<u>\$ 4,591,567.89</u>	<u>\$ 624,037.05</u>
			<u>Ref.</u>	E	E				E
						Capital Improvement Fund		\$ 48,990.46	
						Reserve for Payment of Debt Service		2,694,146.19	
						Bonds and Notes Authorized but Not Issued		1,664,191.15	
						Capital Fund Balance		184,240.09	
								<u>\$ 4,591,567.89</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 164,181.00
Increased by:		
2005 Budget Appropriation - Due from Sewer Utility Operating Fund	\$	40,000.00
Improvement Authorizations Cancelled		48,990.46
		<u>88,990.46</u>
Balance December 31, 2005	E	<u>\$ 253,171.46</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2004	E	\$ 17,182,186.98
Increased by:		
NJ Wastewater Treatment Loans Paid by Operating Budget	\$	1,408,527.86
Transferred from Deferred Reserve for Amortization		398,153.10
		<u>1,806,680.96</u>
Balance December 31, 2005	E	<u>\$ 18,988,867.94</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2004	2005 Authorizations	Authorizations Cancelled	Reserve for Amortization	Balance Dec. 31, 2005
88-17	Reconstruction of the Wastewater Disposal Facility Disposal Facility	06/21/88	\$ 1,970,000.00		\$ 1,970,000.00		
90-10	Reconstruction and Rehabilitation of the Wastewater Disposal Facility	06/05/90	25,000.00			\$ 25,000.00	
93-32	Various Capital Improvements	11/04/93	297,600.00		184,240.09	113,359.91	
94-40	Capital Purchases	12/06/94	62,000.00		27,282.00	34,718.00	
00-21	Purchase of Stihl 14" Concrete Saw	05/16/00	1,200.00		74.81	1,125.19	
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement of Pump	06/19/01	96,000.00				\$ 96,000.00
02-12	Services Associated With New Sanitary Sewer Outfall in the Delaware River	08/06/02	71,100.00				71,100.00
02-29	Purchase of Sewer Jet-Vac	12/03/02	225,000.00		1,050.00	223,950.00	
03-01	Additional Services for Wastewater Management Plan, Purchase		15,500.00				15,500.00
04-10	Replacement of SBR Blower and PS-I Pump A at the Wastewater Treatment Plant	04/06/04	45,000.00				45,000.00
04-24	Purchase of a Sutor Blower for the Wastewater Treatment Plant	10/05/04	30,000.00				30,000.00
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/03/05		\$ 525,000.00			525,000.00
05-26	General Improvements Including but not Limited to Phosphorous Study and Laboratory Services for Local Limit Analysis	06/28/05		74,100.00			74,100.00
			<u>\$ 2,838,400.00</u>	<u>\$ 599,100.00</u>	<u>\$ 2,182,646.90</u>	<u>\$ 398,153.10</u>	<u>\$ 856,700.00</u>
	<u>Ref.</u>		E				E

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ WASTEWATER TREATMENT LOANS PAYABLE

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2004	E	\$ 4,035,941.82	\$ 2,498,793.20
Decreased by:			
Loans Paid by Operating Budget		<u>793,529.73</u>	<u>614,998.13</u>
Balance December 31, 2005	E	<u>\$ 3,242,412.09</u>	<u>\$ 1,883,795.07</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2005

NOT APPLICABLE

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2004</u>	<u>Authorizations Cancelled</u>	<u>Balance Dec. 31, 2005</u>
90-10	06/05/90	Reconstruction and Rehabilitation of the Wastewater Disposal Facility	\$ 4,327,565.00	\$ 1,617,791.15	\$ 2,709,773.85
93-32	11/04/93	Various Capital Improvements	46,400.00	46,400.00	
			<u>\$ 4,373,965.00</u>	<u>\$ 1,664,191.15</u>	<u>\$ 2,709,773.85</u>

TOWN OF PHILLIPSBURG

PART II

YEAR ENDED DECEMBER 31, 2005

TOWN OF PHILLIPSBURG
SCHEDULE OF OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

Name of Federal Agency or Department	C.F.D.A. Account No.	Name of Program/ State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>U.S. Department of Housing and Urban Development</u>	14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	<u>\$ 1,682,553.63</u>	1/1/05	12/31/05	<u>\$ 1,615,574.00</u>	<u>\$1,682,553.63</u>	<u>\$1,682,553.63</u>
<u>U.S. Department of Housing and Urban Development</u> (Passed thru State of NJ Department of Community Affairs)	14.228	<u>Small Cities Grants - Community Development Block Grants</u> Housing Rehabilitation State #100-022-8020-078-6120	<u>200,000.00</u>	12/1/00	11/30/03	<u>36,032.00</u>	<u>39,938.25</u>	<u>117,889.25</u>
Total Department of Housing and Urban Development			<u>1,882,553.63</u>			<u>1,651,606.00</u>	<u>1,722,491.88</u>	<u>1,800,442.88</u>
<u>U.S. Department of Transportation</u> (Passed thru State of NJ Department of Transportation)	20.205	Transportation Trust Fund Authority Act: Bikeway Project Pedestrian Safety Program State #480-078-6320-TCAP-6010	<u>46,000.00</u>	5/16/00	5/8/03	<u>20,629.00</u>		<u>7,750.00</u>
			<u>85,000.00</u>	1/1/03	12/31/04	<u>85,000.00</u>	<u>75,950.00</u>	<u>103,546.00</u>
Total Department of Transportation			<u>131,000.00</u>			<u>105,629.00</u>	<u>75,950.00</u>	<u>111,296.00</u>
<u>Department of Homeland Security</u> (Passed thru NJ Department of Law and Public Safety)	97.044	Operations and Firefighter Safety Program - Assistance to Firefighters Grant	<u>285,651.00</u>	2/27/05	2/26/06		<u>74,317.68</u>	<u>74,317.68</u>
	97.051	State and Local All Hazards Emergency Operations Planning Program State #100-066-1200-845-6120	<u>2,405.72</u>	01/01/04	12/31/04		<u>378.68</u>	<u>378.68</u>
Total Department of Homeland Security			<u>288,056.72</u>				<u>74,696.36</u>	<u>74,696.36</u>

TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of Federal Agency or Department	C.F.D.A. Account No.	Name of Program/ State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Environmental Protection Agency:</u> (Passed Thru NJ Department of Environmental Protection)	66.605	Municipal Stormwater Regulation Program State #04-100-042-4850-118	\$ 12,029.00	03/01/04	02/28/07		\$ 8,031.75	\$ 8,031.75
Total Federal Awards			<u>\$ 2,313,639.35</u>			<u>\$ 1,757,235.00</u>	<u>\$1,881,169.99</u>	<u>\$1,994,466.99</u>
			Federal and State Grant Fund			\$ 105,629.00	\$ 158,678.11	
			Other Trust Funds			<u>1,651,606.00</u>	<u>1,722,491.88</u>	
						<u>\$ 1,757,235.00</u>	<u>\$1,881,169.99</u>	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

TOWN OF PHILLIPSBURG
SCHEDULE OF OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Commerce and Economic Growth</u>	Urban Enterprise Zone:							
	Facade Improvements	763-020-2830-037-5825	\$ 200,000.00	7/1/98	12/31/03	\$ 4,919.27		\$ 200,000.00
	Facade Grant (Phase 2)	763-020-2830-037-5825	200,000.00	2/1/00	12/31/03	17,850.50		200,000.00
	Facade Grant (Phase 3)	763-020-2830-037-5825	200,000.00	1/10/01	3/31/02	21,194.51		200,000.00
	Ingersoll-Rand Acquisition	763-020-2830-037-5825	228,125.00	7/10/01	6/30/02		\$ 109.25	227,913.43
	Union Square Acquisition	763-020-2830-037-5825	80,000.00	8/8/01	10/31/03	300.00		79,249.12
	Market Street Streetscape & Engineering	763-020-2830-037-5825	41,300.00	7/10/02	12/31/03	17,561.95		39,029.05
	Facade Grant (Phase 4)	763-020-2830-037-5825	200,000.00	6/13/02	2/28/07	35,940.63		200,000.00
	Center Street Extension	763-020-2830-037-5825	26,000.00	11/1/02	10/31/03	16,005.95	10,968.71	20,076.31
	Union Square Engineering	763-020-2830-037-5825	57,100.00	2/1/03	1/31/04	14,791.00		39,630.00
	Administrative Budget	763-020-2830-037-5825	84,476.00	7/1/03	6/30/04	65,591.82		84,236.08
	Marketing Program	763-020-2830-037-5825	94,837.00	6/1/03	5/31/04	559.65	879.45	92,357.11
	43-45 S Main Street	763-020-2830-037-5825	150,000.00	6/1/03	5/31/04	112,500.00	130,000.00	130,000.00
	360-372 S. Main Street Redevelopment Project	763-020-2830-037-5825	150,000.00	6/1/03	5/31/04	28,666.00		150,000.00
	Grant Application Streetscape	763-020-2830-037-5825	7,500.00	6/1/03	5/31/04	2,740.54		7,491.80
	Shappell Park - Phase II	763-020-2830-037-5825	110,999.70	5/1/03	4/30/04		485.50	107,535.15
	Bel-DeI Railroad Excursion	763-020-2830-037-5825	142,500.00	8/1/03	7/31/04	25,624.08		141,942.00
	Facade Project - 140 S. Main Street	763-020-2830-037-5825	34,745.00	9/1/03	8/31/04	537.00		32,660.76
	Market Street Streetscape	763-020-2830-037-5825	60,000.00	8/13/03	8/31/04	17,500.00	1,005.00	23,205.00
	U.S. Gas Redevelopment Plan	763-020-2830-037-5825	6,000.00	12/1/03	11/30/04	2,064.00		3,264.00
	Train Station Restoration	763-020-2830-037-5825	8,250.00	12/1/03	11/30/04	8,250.00		8,250.00
	Ingersoll Rand Grant Application	763-020-2830-037-5825	10,500.00	12/1/03	11/30/04	7,149.25	6,123.35	8,543.55
	Administrative Budget	763-020-2830-037-5825	96,343.00	7/1/04	6/30/05	33,723.92	50,959.67	89,746.53
	Susquehanna Railroad Project	763-020-2830-037-5825	12,000.00	4/14/05	5/31/05	12,000.00	2,405.60	12,000.00
	Tenant Incentive Package	763-020-2830-037-5825	100,000.00	6/1/04	5/31/05	27,228.18	26,939.86	43,209.86
	Marketing Program Phase II	763-020-2830-037-5825	30,000.00	5/13/04	4/30/05	18,802.64	7,675.04	30,000.00
	Railroad Museum Grant	763-020-2830-037-5825	9,000.00	5/1/04	4/30/05	4,751.26	4,192.65	8,943.91
	12 Union Square Façade Grant	763-020-2830-037-5825	25,000.00	8/1/04	8/31/05	25,000.00		25,000.00
	511 South Main Street Façade Grant	763-020-2830-037-5825	25,000.00	8/1/04	8/31/05	12,500.00	25,000.00	25,000.00
	Trolley Bus Restoration Project	763-020-2830-037-5825	25,000.00	8/1/04	8/31/05	18,449.01	21,856.92	24,974.93
	Curbside Appeal Project	763-020-2830-037-5825	10,000.00	8/1/04	8/31/05	3,240.00	1,495.50	1,495.50
Shappell Park Restoration - Phase II	763-020-2830-037-5825	5,000.00	8/1/04	8/31/05	1,760.00	1,410.00	1,410.00	
U.S. Gas Appraisal	763-020-2830-037-5825	7,000.00	10/13/04	8/31/05	7,000.00	7,000.00	7,000.00	

TOWN OF PHILLIPSBURG
SCHEDULE OF OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Commerce and Economic Growth</u>								
	Stateline Chiropractic & Wellness Center Loan	763-020-2830-037-5825	\$ 45,000.00	10/13/04	8/31/05	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00
	Square to Square Planning Project 04	763-020-2830-037-5825	5,000.00	11/10/04	11/30/05	5,000.00	5,000.00	5,000.00
	Market Street Parking Meter Project	763-020-2830-037-5825	24,888.00	11/10/04	11/30/05	24,888.00	24,888.00	24,888.00
	Neighborhood Revitalization Tax Credit U.S. Gas Plan	763-020-2830-037-5825	29,368.00	11/10/04	11/30/05	2,824.80	4,827.90	4,827.90
	Railroad Excursion Marketing Program	763-020-2830-037-5825	35,000.00	11/10/04	11/30/05	35,000.00	34,935.24	34,935.24
	Website Administration	763-020-2830-037-5825	12,000.00	12/8/04	12/31/05	3,435.00	2,538.00	2,538.00
	Hi Qu Italian American Stone Co. Loan	763-020-2830-037-5825	150,000.00	1/12/05	1/31/06	150,000.00	150,000.00	150,000.00
	Marketing Program Phase III	763-020-2830-037-5825	30,000.00	3/9/05	3/31/06	16,273.25	29,668.91	29,668.91
	120 South Main Street Façade Grant	763-020-2830-037-5825	50,000.00	1/12/05	1/31/06	50,000.00	50,000.00	50,000.00
	Susquehanna Steam Engine Project Grant	763-020-2830-037-5825	42,000.00	2/9/05	2/28/06	35,750.00	35,750.00	35,750.00
	Phillipsburg Railroad Museum Engineering Project	763-020-2830-037-5825	31,650.00	2/9/05	2/28/06	10,197.50	10,197.50	10,197.50
	Truarc Relocation Grant -Phase I	763-020-2830-037-5825	60,000.00	5/11/05	5/31/06	60,000.00	60,000.00	60,000.00
	Police Patrols - Phase IV	763-020-2830-037-5825	24,000.00	5/11/05	5/31/06		9,725.42	9,725.42
	Cooper Electric Relocation Grant	763-020-2830-037-5825	15,600.00	8/10/05	5/31/06		15,600.00	15,600.00
	Railroad Museum Grant Administration Project	763-020-2830-037-5825	15,960.00	7/13/05	7/31/06		7,639.55	7,639.55
	Administrative Budget	763-020-2830-037-5825	93,834.00	7/1/05	6/30/06		24,913.09	24,913.09
Total Department of Commerce and Economic Growth			<u>3,100,975.70</u>			<u>1,002,569.71</u>	<u>809,190.11</u>	<u>2,774,847.70</u>
<u>Department of Law and Public Safety</u>								
	Drunk Driving Enforcement Fund	100-078-6400-YYYY	6,850.36	1/1/02	12/31/03		5,378.09	6,298.37
			8,648.34	1/1/05	12/31/06	8,648.34		
			<u>15,498.70</u>			<u>8,648.34</u>	<u>5,378.09</u>	<u>6,298.37</u>
	Body Armor Replacement Grant	718-066-1020-001-6120	3,335.30	1/1/01	12/31/04		731.77	731.77
		718-066-1020-001-6120	3,212.29	1/1/02	12/31/02		3,212.29	3,212.29
		718-066-1020-001-6120	3,300.97	1/1/03	12/31/03		3,300.97	3,300.97

TOWN OF PHILLIPSBURG
SCHEDULE OF OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Law and Public Safety</u>	Body Armor Replacement Grant	718-066-1020-001-6120	\$ 3,060.25	1/1/04	12/31/04		\$ 206.52	\$ 206.52
		718-066-1020-001-6120	3,446.62	1/1/04	12/31/05	\$ 3,446.62		
		718-066-1020-001-6120	3,331.84	1/1/05	12/31/06	3,331.84		
			<u>19,687.27</u>			<u>6,778.46</u>	<u>7,451.55</u>	<u>7,451.55</u>
	Office of Emergency Management - Emergency Management Grant							
	2003	100-066-1200-726-6120	4,000.00	1/1/03	12/31/04		474.70	4,000.00
	2004	100-066-1200-726-6120	4,000.00	1/1/04	12/31/04		4,000.00	4,000.00
	2005	100-066-1200-726-6120	4,000.00	1/1/05	12/31/05	4,000.00	2,930.80	2,930.80
			<u>12,000.00</u>			<u>4,000.00</u>	<u>7,405.50</u>	<u>10,930.80</u>
	BFY04 Exercise Implementation Grant	N/A	<u>2,278.20</u>	1/1/05	12/31/05	<u>2,278.20</u>		
Total Department of Law and Public Safety			<u>49,464.17</u>			<u>21,705.00</u>	<u>20,235.14</u>	<u>24,680.72</u>
<u>Department of Human Services</u>	N.J. Youth Corps - WWBF4N	100-054-418-LLLL-6060	13,336.00	4/12/04	6/30/04		336.00	13,336.00
	N.J. Youth Corps - BWBF4N	100-054-370-LLLL-6060	64,451.00	2/1/04	9/30/05		7,915.00	64,451.00
	N.J. Youth Corps - ALWYSN	100-062-4545-314-6140	426,000.00	7/1/04	6/30/05	248,500.00	344,325.00	426,000.00
	N.J. Youth Corps - WLWY5N	100-062-4545-095-6140	243,820.00	7/1/04	12/31/05	138,598.00	224,820.00	243,820.00
				<u>747,607.00</u>			<u>387,098.00</u>	<u>577,396.00</u>
Total Department of Human Services								
<u>Department of Labor and Workforce Development</u>	N.J. Youth Corps - ALWY5N	100-062-4545-314-6140	76,650.00	7/1/05	6/30/06	76,650.00	76,650.00	76,650.00
	N.J. Youth Corps - ALWY5N Repairs for Youth Corp	100-062-4545-314-6140	3,306.20	7/1/05	6/30/06	3,306.20		
	N.J. Youth Corps - ALWY6N/Workfirst NJ	100-062-4545-314-6140	376,000.00	7/1/05	6/30/06	177,500.00	71,400.00	71,400.00
			<u>455,956.20</u>			<u>257,456.20</u>	<u>148,050.00</u>	<u>148,050.00</u>
Total Department of Labor and Workforce Development								
<u>Department of Community Affairs</u>	Neighborhood Preservation Grant	100-022-8020-092-6020	425,000.00	1/1/03	06/30/05	58,486.00	35,756.48	423,017.35

TOWN OF PHILLIPSBURG
SCHEDULE OF OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	
				From	To				
<u>Department of Community Affairs</u>									
	Statewide Livable Communities Local Library Grant	100-022-654-6120	\$ 40,000.00	1/1/04	12/31/05		\$ 11,704.58	\$ 39,928.58	
	Lead Based Paint Abatement Grant	100-022-8020-076-6120	1,615.00	1/1/04	12/31/04		1,615.00	1,615.00	
Total Department of Community Affairs			466,615.00			\$ 58,486.00	49,076.06	464,560.93	
<u>Department of Environmental Protection and N.J. Economic Development Authority</u>									
	Hazardous Discharge Site Remediation	N/A	266,762.00	1/1/98	12/31/03		26,129.75	251,583.53	
<u>Department of Environmental Protection</u>									
	Clean Communities Grant	765-042-4900-004-6020	3,912.58	1/1/02	12/31/02		40.67	3,819.37	
			14,431.21	1/1/03	12/31/03		4,452.53	14,405.30	
			14,874.15	1/1/05	12/31/05	14,874.15	14,337.45	14,337.45	
			33,217.94			14,874.15	18,830.65	32,562.12	
	Recycling Grant	752-042-4900-001-6020	958.25	1/1/03	12/31/03		958.25	958.25	
			6,144.26	1/1/04	12/31/05		503.08	503.08	
			4,658.62	1/1/05	12/31/06	4,658.62			
			11,761.13			4,658.62	1,461.33	1,461.33	
	Green Acres Grant	N/A	250,000.00	1/1/01	12/31/04	250,000.00		250,000.00	
	Green Acres Loan		250,000.00	1/1/01	12/31/04	250,000.00		250,000.00	
			500,000.00			500,000.00		500,000.00	
	Shade Tree Program	N/A	N/A	N/A	N/A		2,000.00	2,000.00	
Total Department of Environmental Protection/N.J. Economic Development Authority			811,741.07			519,532.77	48,421.73	787,606.98	
<u>Department of Treasury</u>									
Passed through the County of Warren	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	100-082-2000-044-995120	11,935.00	1/1/04	12/31/04	7,056.75	5,406.58	10,738.08	
Total Department of Treasury			11,760.00	1/1/05	12/31/05	6,196.00	10,785.60	10,785.60	
			23,695.00			13,252.75	16,192.18	21,523.68	
Total State Awards			\$ 5,656,054.14			\$ 2,260,100.43	\$ 1,668,561.22	\$ 4,968,877.01	
						Federal and State Grant Fund	\$ 1,701,614.43	\$ 1,632,804.74	
						Other Trust Funds	58,486.00	35,756.48	
						General Capital Fund	500,000.00		
N/A - Not Available							\$ 2,260,100.43	\$ 1,668,561.22	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

A. GENERAL

The accompanying Schedules of Federal and State Awards present the activity of all federal and state award programs of the Town of Phillipsburg. The Town of Phillipsburg is defined in Note 1 to the Town's financial statements. All federal and state financial awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedules of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. THRESHOLD FOR FEDERAL AND STATE ASSISTANCE

The threshold for distinguishing state Type A and B programs was \$300,000. The Town qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

E. COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM

In 1982, the Town of Phillipsburg received two Small Cities Community Development Block Grants from the New Jersey Department of Community Affairs. These grant funds were utilized to revitalize the downtown area of Phillipsburg and to create jobs for low-income people in the community. The grant funds were provided to eligible participants through low-interest loans. In 1984, the Town was granted approval from the New Jersey Department of Community Affairs to utilize loan repayments received for the provision of new loans for other projects which would provide for the creation of jobs for low-income people in the community. This program is included in the Other Trust Funds as the Community Development Revolving Loan Program.

F. NJ WASTEWATER TREATMENT LOANS PAYABLE

At December 31, 2005, the Town has \$419,049.49 and \$294,858.95 of NJ Wastewater Treatment Trust and Fund Loans Payable outstanding which are recorded in the General Capital Fund. The Town also has \$3,242,412.09 and \$1,883,795.07 of NJ Wastewater Treatment Trust and Fund Loans Payable outstanding which are recorded in the Sewer Utility Capital Fund.

Currently, the Town is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2005

(Continued)

G. GREEN ACRES LOANS PAYABLE

At December 31, 2005, the Town has a \$250,000 Green Acres Loan Payable outstanding which is recorded in the General Capital Fund.

During 2005, the loan funds were drawn down as reflected on the Schedule of State Awards. The first scheduled principal loan payment is due on July 11, 2006. The project which relates to the loan is complete and there were no current year expenditures.



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Independent Auditors' Report on Internal Control Over Financial Reporting
 and on Compliance and Other Matters Based on an Audit of Financial
 Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and Members
 of the Town Council
 Town of Phillipsburg
 Phillipsburg, New Jersey

We have audited the financial statements of the Town of Phillipsburg, in the County of Warren (the "Town") as of, and for the years ended, December 31, 2005 and 2004 and have issued our report thereon dated February 9, 2006, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

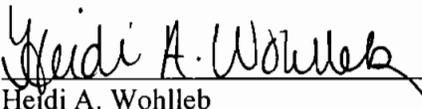
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to management in the Comments and Recommendations section of this report.

The Honorable Mayor and Members
of the Town Council
Town of Phillipsburg
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This report is intended solely for the information and use of the mayor and the members of the Town Council and management of the Town, and to meet the requirements for filing with the Division of Local Government Services, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randolph, New Jersey
February 9, 2006

NISIVOCCIA & COMPANY LLP

A handwritten signature in black ink that reads "Heidi A. Wohlleb". The signature is written in a cursive style and is positioned above a horizontal line.

Heidi A. Wohlleb
Registered Municipal Accountant No. 481
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements Applicable to Each
 Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
 and New Jersey's OMB Circular NJOMB 04-04

The Honorable Mayor and Members
 of the Town Council
 Town of Phillipsburg
 Phillipsburg, New Jersey

Compliance

We have audited the compliance of the Town of Phillipsburg in the County of Warren (the "Town") with the types of compliance requirements described in the U.S. Office of Management and Budget (the "OMB") *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended December 31, 2005. The Town's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and

The Honorable Mayor and Members
of the Town Council
Town of Phillipsburg
Page 2

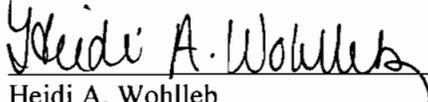
report on the internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the mayor and the members of the Town Council and management of the Town, and to meet the requirements for filing with the Division of Local Government Services, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Randolph, New Jersey
February 9, 2006

NISIVOCCIA & COMPANY LLP



Heidi A. Wohlleb
Registered Municipal Accountant No. 481
Certified Public Accountant

TOWN OF PHILLIPSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005

Summary of Auditors' Results:

- An unqualified report was issued on the Town's financial statements for 2005 prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses in the internal controls of the Town.
- The audit did not disclose any material weaknesses in the internal controls of the Town's major federal and state programs.
- An unqualified report was issued on the Town's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The Town's major federal and state programs which were selected for audit for the year ended December 31, 2005 consisted of the following awards:

Federal

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	CFDA #14.856	\$1,682,553.63
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State

Urban Enterprise Zone Grants	763-020-2830-037-5825	\$809,190.11
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- The threshold for distinguishing Type A and B programs was \$300,000.
- The Town qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in New Jersey's OMB Circular NJOMB 04-04.

TOWN OF PHILLIPSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

There were no prior year findings.

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

Effective July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000.00, and with a qualified purchasing agent the threshold may be up to \$29,000.

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

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

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No exceptions were noted.

Collection of Interest on Delinquent Taxes and Sewer Rents

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

On January 25, 1994, the governing body adopted the following ordinance authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Town of Phillipsburg wishes to set forth procedures for the collection of taxes;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Phillipsburg that the procedures are set forth as follows:

DELINQUENT TAX PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest - 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties - Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

Grace Period - A ten (10) day grace period shall be granted for the payment of current taxes.”

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

On January 25, 1994, the governing body adopted the following ordinance authorizing interest to be charged on delinquent sewer payments:

“WHEREAS, the Town of Phillipsburg wishes to set forth procedures for the collection of sewer payments;

NOW, THEREFORE, BE IT ORDAINED by the Town Council of the Town of Phillipsburg that the procedures are set forth as follows:

DELINQUENT SEWER PAYMENTS

The below-stated charges shall be assessed against delinquent accounts:

Interest - 8% per annum on first \$1,500. 18% per annum on amounts in excess of \$1,500.

Penalties - Additional 6% on amounts in excess of \$10,000 as of December 31 current year.

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Collection of Interest on Delinquent Taxes and Sewer Rents (Cont'd)

DELINQUENT SEWER PAYMENTS

Grace Period - A ten (10) day grace period shall be granted for the payment of current sewer charges.”

It appears from an examination of the Collector’s records that interest was collected in accordance with the foregoing ordinance.

Delinquent Taxes and Tax Title Liens/Sewer Liens

The last tax sale was held on December 1, 2005, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2005	
2004	11
2003	14

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2006 Taxes	20
Payments of 2005 Taxes	20
Payments of Sewer Utility Charges	10
Delinquent Taxes	20
Delinquent Sewer Utility Charges	10
Tax Title Liens	3
Sewer Liens	2

Vouchers

During our review of the cash disbursement records, it was noted that vouchers for library disbursements did not always contain claimant and receipt of good signatures.

It is recommended that vouchers for library disbursements contain claimant and receipt of goods signatures.

Management’s Response:

In the future, all library vouchers will contain claimant and receipt of goods signatures.

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

A summary of Municipal Court transactions for the year 2005 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Balance</u> <u>Dec. 31, 2004</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2005</u>
State of New Jersey	\$ 15,416.40	\$ 172,355.56	\$ 173,015.71	\$ 14,756.25
County	6,084.50	77,409.06	74,474.56	9,019.00
Municipality	16,399.60	225,828.73	221,161.08	21,067.25
Municipality - POAA	92.00	910.00	948.00	54.00
Conditional Discharge	75.00	2,098.00	1,973.00	200.00
Local Park Commission	522.00	3,648.00	3,638.00	532.00
Public Defender	150.00	1,350.00	1,400.00	100.00
Weights and Measures		17,102.00	8,702.00	8,400.00
	<u>\$ 38,739.50</u>	<u>\$ 500,701.35</u>	<u>\$ 485,312.35</u>	<u>\$ 54,128.50</u>

During our review of the Municipal Court records, we noted that all of the special complaints on the special complaints assigned but not issued report were issued over six months ago. The Court Administrator has made an effort to obtain the older special complaints from the respective officers and void them. However, these voided complaints have not been removed from the report due to difficulties with the State's ATS program.

It is recommended that the Court Administrator continue to pursue removal of the voided older special complaints from the State's ATS system.

Management's Response

The Court Administrator will continue to pursue removal of the voided special complaints properly reflected on the special complaints but not issued report.

Federal and State Grant Receivables/Appropriated Grant Reserves

Although a number of federal and state grant receivables and appropriated grant reserve balances were cancelled during 2005, there are still certain older federal and state grant receivable balances particularly Urban Enterprise Zone grant receivable balances which have not been collected. A definite effort has been made to submit reimbursement requests for the Urban Enterprise Fund grants in a more timely manner. However, the uncollected Urban Enterprise Zone receivable balances at year end resulted in an interfund receivable in the Current Fund of \$277,200.09 which has an impact on Current Fund fund balance. Also, there are a number of older appropriated grant reserve balances. A large number of these appropriated grant reserve balances are for Urban Enterprise Zone grants.

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Federal and State Grant Receivables/Appropriated Grant Reserves (Cont'd)

It is recommended that the Town continue to pursue collection of the older federal and grant receivable balances particularly the Urban Enterprise Zone receivable balances to lessen the impact on Current Fund fund balance. Every effort should be made to ensure that reimbursement requests for the Urban Enterprise Zone grants are submitted for reimbursement to the State in a timely manner. Also, the older appropriated grant reserve balances especially the Urban Enterprise Zone balances should be reviewed for possible cancellation.

Management's Response

The Town will pursue collection of these older grant receivable balances and review the appropriated grant reserve balances for possible cancellation. An emphasis will be placed on reviewing the Urban Enterprise Zone grant receivable and appropriated grant reserve balances. The Urban Enterprise Zone Office will make an extra effort to ensure that reimbursement requests to the State are submitted in as timely a manner as possible in the future.

Single Audit

During our review of the Urban Enterprise Zone grants, it was noted that the unexpended balances for certain grants per the Town's accounting records were not reconciled with the unexpended balances reported on the quarterly Urban Enterprise Zone financial reports and supporting records.

It is recommended that the unexpended Urban Enterprise Zone grant balances per the Town's accounting records be reconciled with the Urban Enterprise Zone quarterly financial reports and supporting records on at least a quarterly basis.

Management's Response

The Urban Enterprise Zone will ensure that their quarterly financial reports and supporting records are reconciled with the Town's accounting records on at least a quarterly basis.

Corrective Action Plan

The Town has initiated a corrective action plan to resolve comments and recommendations from the 2004 audit report. Recommendation 1 was resolved during 2004. Recommendations 2-3 are included in the current recommendations and are in the process of being implemented.

TOWN OF PHILLIPSBURG
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Vouchers for library disbursements contain claimant and receipt of goods signatures.
2. Municipal Court:
 - a. The Court Administrator continue to pursue removal of the voided older special complaints from the State's ATS system.
3. The Town pursue collection of the older federal and state grant receivable balances particularly the Urban Enterprise Zone receivable balances to lessen the impact on Current Fund fund balance. Every effort should be made to ensure that reimbursement requests for the Urban Enterprise Zone grants are submitted for reimbursement to the State in a timely manner. Also, the older appropriation reserve balances especially the Urban Enterprise Zone balances should be reviewed for possible cancellation.
4. The unexpended Urban Enterprise Zone grant balances per the Town's accounting records be reconciled with the Urban Enterprise Zone quarterly financial reports and supporting records on at least a quarterly basis.

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