

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

REPORT OF AUDIT

2011

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
REPORT OF AUDIT
2011

TOWN OF PHILLIPSBURG
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TOWN OF PHILLIPSBURG
PART I
FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2011



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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 – regulatory basis 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, 2011 and 2010, 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, 2011 and 2010, and the results of its operations for the years then ended.

However, in our opinion, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Town at December 31, 2011 and 2010, 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 April 10, 2012, 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 which collectively comprise the financial statements 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 expenditures 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. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1 to the financial statements and Note B to the schedules of expenditures of federal and state awards.

Mount Arlington, New Jersey
April 10, 2012

NISIVOCCIA LLP



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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 2,666,769.35	\$ 4,090,862.32
Cash - Collector	A-5	2,145,845.98	118,506.62
Cash - Clerk	A-5a	10,089.65	7,142.17
Change Funds		1,050.00	1,050.00
		<u>4,823,754.98</u>	<u>4,217,561.11</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,239,023.64	1,208,743.32
Tax Title Liens Receivable	A-8	272,408.17	122,154.77
Property Acquired for Taxes at Assessed Valuation		1,080,900.00	1,080,900.00
Municipal Lien Charges Receivable		45,135.35	29,485.35
Municipal Charges Receivable		13,939.17	43,731.93
Revenue Accounts Receivable	A-9	34,020.26	35,922.97
Due from:			
Animal Control Fund	B	33.90	1,884.06
Other Trust Funds	B	196.77	229.72
General Capital Fund	C	387.13	88.43
Claims Account		85.86	94.49
Payroll Accounts		38.79	29.08
Total Receivables and Other Assets With Full Reserves	A	<u>2,686,169.04</u>	<u>2,523,264.12</u>
Deferred Charges:			
Special Emergency Authorization		90,000.00	180,000.00
Total Regular Fund		<u>7,599,924.02</u>	<u>6,920,825.23</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	1,109,109.91	2,256,756.68
Due from Current Fund	A	351,114.67	196,569.18
		<u>1,460,224.58</u>	<u>2,453,325.86</u>
<u>TOTAL ASSETS</u>		<u>\$ 9,060,148.60</u>	<u>\$ 9,374,151.09</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 595,989.74	\$ 1,139,343.07
Encumbered	A-3;A-11	228,000.88	212,797.22
Total Appropriation Reserves		823,990.62	1,352,140.29
Other Encumbrances Payable - Reserve for Library		342.29	
Accounts Payable		17,934.34	163.95
Prepaid Taxes		124,048.75	104,820.22
Tax Overpayments		69.24	924.72
County Taxes Payable		1,758.32	5,066.27
Local School Taxes Payable	A-12	736,325.00	649,475.00
Due to:			
Federal and State Grant Fund	A	351,114.67	196,569.18
Sewer Utility Operating Fund	E	2,368.65	
State of New Jersey:			
Senior Citizen and Veteran Deductions		51,615.81	52,869.73
Marriage License Fees		450.00	600.00
Burial Permit Fees		5.00	
Dog License Fees		2.40	9.60
Reserve for:			
Library		320,530.83	284,469.18
Sale of Municipal Assets		21,648.90	4,648.90
Tax Sale Premiums		231,700.00	182,800.00
2005 Federal Emergency Management Agency			
Flooding Reimbursement			8,937.54
Redemption of Outside Liens		3,773.73	3,773.73
Revaluation		36,699.52	36,699.52
Tax Appeals		350,000.00	
		3,074,378.07	2,883,967.83
Reserve for Receivables and Other Assets	A	2,686,169.04	2,523,264.12
Fund Balance	A-1	1,839,376.91	1,513,593.28
Total Regular Fund		7,599,924.02	6,920,825.23
Federal and State Grant Fund:			
Appropriated Reserves	A-13	1,193,401.31	2,258,594.09
Unappropriated Reserves	A-14	32,835.72	126,904.34
Reserve for Encumbrances		233,987.55	67,827.43
Total Federal and State Grant Fund		1,460,224.58	2,453,325.86
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,060,148.60</u>	<u>\$ 9,374,151.09</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,	
		2011	2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 800,000.00	\$ 850,000.00
Miscellaneous Revenue Anticipated		4,613,067.47	5,937,788.83
Receipts from:			
Delinquent Taxes		1,170,108.55	989,495.81
Current Taxes		24,442,669.25	24,015,485.94
Nonbudget Revenue		223,618.68	213,266.43
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		649,617.40	426,268.53
Cancellation of Federal and State Grant Fund Appropriated Reserves		141,181.95	112,785.78
Cancellation of Prior Year Local School District Taxes Payable			486,912.00
Cancellation of Reserve for 2005 Federal Emergency			
Management Agency Flooding Reimbursement		8,937.54	
Interfunds and Other Receivables Returned		2,325.78	1,859.41
Total Income		<u>32,051,526.62</u>	<u>33,033,862.73</u>
<u>Expenditures</u>			
Budget Appropriations		15,401,839.90	17,064,538.96
County Taxes		6,236,599.74	6,147,702.31
County Share of Added and Omitted Taxes		1,758.32	5,066.27
Local School District Taxes		8,787,939.00	8,618,467.00
Refund of Prior Year Taxes		2,431.63	9,317.91
Prior Year Senior Citizens' Deductions Disallowed		3,250.00	1,682.88
Cancellation of Federal and State Grant Fund Receivables		141,181.95	123,536.32
Interfunds and Other Receivables Advanced		742.45	2,325.78
Reserve for Tax Appeals		350,000.00	
Total Expenditures		<u>30,925,742.99</u>	<u>31,972,637.43</u>
Excess in Revenue		1,125,783.63	1,061,225.30
<u>Fund Balance</u>			
Balance January 1		<u>1,513,593.28</u>	<u>1,302,367.98</u>
		2,639,376.91	2,363,593.28
Decreased by:			
Utilized as Anticipated Revenue		<u>800,000.00</u>	<u>850,000.00</u>
Balance December 31	A	<u>\$ 1,839,376.91</u>	<u>\$ 1,513,593.28</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, 2011

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 800,000.00		\$ 800,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	32,900.00		37,140.00	\$ 4,240.00
Other	14,000.00		10,779.00	3,221.00 *
Fees and Permits	64,000.00		92,123.36	28,123.36
Fines and Costs:				
Municipal Court	340,476.50		439,137.13	98,660.63
Interest and Costs on Taxes	210,000.00		291,910.48	81,910.48
Interest on Investments and Deposits	30,000.00		29,093.96	906.04 *
Payment in Lieu of Taxes - Federal Housing Project	95,000.00		100,141.00	5,141.00
Payment in Lieu of Taxes - Sewage Treatment	83,500.00		83,500.00	
Consolidated Municipal Property Tax Relief Aid	584,445.00		584,445.00	
Energy Receipts Tax	1,420,956.00		1,420,956.00	
Uniform Construction Code Fees	183,700.00		194,705.00	11,005.00
N.J. Transportation Trust Fund Authority Act	185,260.00		185,260.00	
Recycling Tonnage Grant	23,487.00		23,487.00	
Drunk Driving Enforcement Fund	5,343.45		5,343.45	
Clean Communities Program	25,423.53	\$ 851.31	26,274.84	
Municipal Alliance on Alcoholism and Drug Abuse - State	11,968.00		11,968.00	
N.J. Youth Corps - 2010 - ALWY11N	4,356.00		4,356.00	
N.J. Youth Corps - 2011 - ALWY12N		484,578.00	484,578.00	
N.J. Youth Corps - 2010 - Returning Veterans Program	28,020.00		28,020.00	
Emergency Management Grant	5,000.00		5,000.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
Body Armor Replacement Grant	\$ 3,417.34		\$ 3,417.34	
Urban Enterprise Projects:				
Police Patrols	25,600.00		25,600.00	
Administration FY 2011	22,960.15		22,960.15	
Over the Limit Under Arrest:				
2011 Statewide Crackdown Grant		\$ 4,400.00	4,400.00	
Cops In Shops - College Fall Initiative 2010-2011	4,000.00		4,000.00	
Peron Sewer Allocation	100,000.00		100,000.00	
Norfolk Southern Grant	1,000.00		1,000.00	
ARRA - Energy Efficiency Block Grant		19,459.76	19,459.76	
Utility Operating Surplus of Prior Year	300,000.00		300,000.00	
Pool Receipts and Passes	16,500.00		14,012.00	\$ 2,488.00 *
Rental of Town Facilities - Former Armory and Town Garage	45,000.00		60,000.00	15,000.00
Total Miscellaneous Revenue	<u>3,866,312.97</u>	<u>\$ 509,289.07</u>	<u>4,613,067.47</u>	<u>237,465.43</u>
Receipts from Delinquent Taxes	961,068.62		1,170,108.55	209,039.93
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,456,893.07		10,605,255.95	148,362.88
Minimum Library Tax	347,933.11		347,933.11	
Budget Totals	<u>16,432,207.77</u>	<u>509,289.07</u>	<u>17,536,365.08</u>	<u>594,868.24</u>
Nonbudget Revenue			<u>223,618.68</u>	<u>223,618.68</u>
	<u>\$ 16,432,207.77</u>	<u>\$ 509,289.07</u>	<u>\$ 17,759,983.76</u>	<u>\$ 818,486.92</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

Allocation of Current Tax Collections

Collections		\$ 24,442,669.25
Allocated to:		
County Taxes	\$ 6,236,599.74	
Due to County for Added and Omitted Taxes	1,758.32	
School Taxes	<u>8,787,939.00</u>	
		<u>15,026,297.06</u>
		9,416,372.19
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,536,816.87</u>
Realized for Support of Municipal Budget		<u><u>\$ 10,953,189.06</u></u>
 <u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections		\$ 1,114,326.23
Tax Title Liens Redeemed		<u>55,782.32</u>
		<u><u>\$ 1,170,108.55</u></u>
 <u>Interest on Investments and Deposits:</u>		
Cash Received - Treasurer		\$ 21,532.46
Cash Received - Collector		6,818.30
Cash Received - Clerk		34.65
Due from Other Trust Funds		196.77
Due from General Capital Fund		387.13
Due from Payroll Accounts		38.79
Due from Claims Account		<u>85.86</u>
		<u><u>\$ 29,093.96</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2011
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Cable TV Franchise Fee	\$	47,205.00	
Other Miscellaneous Receipts		47,405.00	
Tax Sale Premiums Cancelled		45,500.00	
Recycling Revenue		16,524.85	
Tax Lien Discharge Fees		1,500.00	
Library Fees		1,045.00	
Administrative Fee - Senior Citizens and Veterans Deductions		3,753.80	
Returned Check Fees		40.00	
Restitution		1,382.00	
Workers' Compensation and Other Insurance Refunds		23,727.60	
Pavilion Rental Fees		1,025.00	
Public Works Billings Reimbursements		3,881.72	
Parking Authority Receipts		4,373.68	
			\$ 197,363.65

Clerk - Other Miscellaneous 88.75

Collector:

Municipal Charges Receivable Collections		26,166.28	
			\$ 223,618.68

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, 2011

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 35,786.00	\$ 36,886.00	\$ 36,603.05	\$ 282.95	
Other Expenses	35,930.00	34,830.00	29,828.08	5,001.92	
Human Resources:					
Other Expenses	8,000.00	8,000.00	8,000.00		
Mayor and Council:					
Salaries and Wages	48,878.00	48,878.00	48,877.17	0.83	
Other Expenses	10,400.00	10,400.00	6,926.79	3,473.21	
Municipal Clerk:					
Salaries and Wages	139,032.00	139,032.00	134,516.92	4,515.08	
Other Expenses	17,900.00	17,900.00	16,869.13	1,030.87	
Financial Administration:					
Salaries and Wages	62,810.00	62,810.00	60,678.77	2,131.23	
Other Expenses	10,350.00	10,350.00	6,778.73	3,571.27	
Audit Services	38,900.00	38,900.00	25,221.00	13,679.00	
Revenue Administration:					
Salaries and Wages	106,039.00	106,039.00	102,968.74	3,070.26	
Other Expenses	11,525.00	11,525.00	6,788.74	4,736.26	
Tax Assessment Administration:					
Salaries and Wages	77,263.00	79,363.00	77,525.77	1,837.23	
Other Expenses	14,594.00	14,594.00	14,484.11	109.89	
Legal Services:					
Other Expenses	150,000.00	150,000.00	144,029.27	5,970.73	
Engineering Services:					
Other Expenses	60,000.00	60,000.00	33,450.03	26,549.97	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	\$ 2,000.00				
Zoning Board:					
Other Expenses	1,500.00	\$ 1,500.00		\$ 1,500.00	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	3,542,382.00	3,542,382.00	\$ 3,486,322.03	56,059.97	
Other Expenses	146,780.00	146,780.00	99,854.79	46,925.21	
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	6,273.00	6,273.00	6,273.00		
Other Expenses	1,200.00	1,200.00	250.03	949.97	
Aid to Volunteer Fire Company	18,000.00	18,000.00	18,000.00		
Aid to First Aid Organization	5,000.00	5,000.00	5,000.00		
Fire Department:					
Salaries and Wages	9,343.00	9,343.00	7,784.40	1,558.60	
Other Expenses	57,000.00	57,000.00	55,689.68	1,310.32	
Supplemental Fire Services Program	7,000.00	7,000.00	1,055.52	5,944.48	
Municipal Prosecutor:					
Salaries and Wages	30,500.00	31,900.00	31,886.92	13.08	
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	418,890.00	408,890.00	400,091.99	8,798.01	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS (Continued):					
Streets and Roads Maintenance (Continued):					
Other Expenses	\$ 120,300.00	\$ 120,300.00	\$ 109,977.34	\$ 10,322.66	
Other Public Works Functions:					
Salaries and Wages	29,160.00	29,160.00	28,250.22	909.78	
Other Expenses	7,000.00	7,000.00	6,216.68	783.32	
PEOSHA	4,300.00	4,300.00	4,245.47	54.53	
Solid Waste Collections:					
Salaries and Wages	504,243.00	497,243.00	475,399.35	21,843.65	
Other Expenses	9,000.00	9,000.00	6,450.00	2,550.00	
Buildings and Grounds:					
Salaries and Wages	290,525.00	297,525.00	282,700.00	14,825.00	
Other Expenses	82,620.00	82,620.00	79,933.75	2,686.25	
Vehicle Maintenance:					
Salaries and Wages	64,751.00	64,751.00	61,655.17	3,095.83	
Other Expenses	127,580.00	127,580.00	114,417.05	13,162.95	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	8,886.00	4,986.00	4,955.67	30.33	
Other Expenses	4,635.00	18,035.00	12,823.75	5,211.25	
Contributions to Social Services:					
Other Expenses	75,500.00	72,000.00	59,681.16	12,318.84	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	113,654.00	111,254.00	109,234.25	2,019.75	
Other Expenses	44,500.00	44,500.00	34,063.49	10,436.51	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(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 (Continued):					
Municipal Swimming Pool:					
Salaries and Wages	\$ 45,000.00	\$ 55,995.03	\$ 55,995.03		
Other Expenses	25,000.00	25,000.00	24,163.93	\$ 836.07	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	189,000.00	189,000.00	144,428.68	44,571.32	
Street Lighting	175,000.00	190,000.00	174,662.54	15,337.46	
Telephone:					
Other Expenses	65,000.00	65,000.00	61,364.81	3,635.19	
Water	133,000.00	146,000.00	110,356.03	35,643.97	
Gas (Natural or Propane)	50,000.00	50,000.00	17,962.28	32,037.72	
Gasoline	195,000.00	207,400.00	194,040.06	13,359.94	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Waste Disposal:					
Other Expenses	490,000.00	458,504.97	458,202.18	302.79	
Municipal Court:					
Salaries and Wages	255,272.00	265,972.00	264,515.66	1,456.34	
Other Expenses	19,130.00	19,130.00	18,522.11	607.89	
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	7,840.00	7,840.00	7,840.00		
INSURANCE:					
Liability Insurance	284,689.00	274,689.00	235,836.00	38,853.00	
Workers Compensation Insurance	190,000.00	190,000.00	185,771.82	4,228.18	
Employee Group Insurance	1,240,629.00	1,240,629.00	1,237,634.60	2,994.40	
Health Benefit Waivers	71,100.00	71,100.00		71,100.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(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):					
UNIFORM CONSTRUCTION CODE:					
Code Enforcement:					
Salaries and Wages	\$ 310,022.00	\$ 310,022.00	\$ 305,613.55	\$ 4,408.45	
Other Expenses	18,700.00	18,700.00	16,320.91	2,379.09	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total Operations Within "CAPS"	10,555,282.00	10,570,982.00	9,999,959.20	571,022.80	
	<hr/>	<hr/>	<hr/>	<hr/>	
Detail:					
Salaries and Wages	6,337,520.00	6,347,515.03	6,220,658.66	126,856.37	
Other Expenses	4,217,762.00	4,223,466.97	3,779,300.54	444,166.43	
	<hr/>	<hr/>	<hr/>	<hr/>	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	370,914.00	370,914.00	370,914.00		
Social Security System (O.A.S.I.)	272,000.00	256,300.00	254,857.08	1,442.92	
Consolidated Police and Firemen's Pension Fund	8,189.50	8,189.50	8,189.50		
Police and Firemen's Retirement System of NJ	825,381.00	825,381.00	825,381.00		
Unemployment Compensation Insurance	22,500.00	22,500.00	21,324.96	1,175.04	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,498,984.50	1,483,284.50	1,480,666.54	2,617.96	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,054,266.50	12,054,266.50	11,480,625.74	573,640.76	
	<hr/>	<hr/>	<hr/>	<hr/>	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(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":					
Maintenance of Free Public Library	\$ 500,000.00	\$ 500,000.00	\$ 486,599.02	\$ 13,400.98	
Recycling Tax (P.L.2007, C.311)	26,000.00	26,000.00	17,052.00	8,948.00	
Public and Private Program Offset by Revenue:					
Reserve for Recycling Tonnage Grant	23,487.00	23,487.00	23,487.00		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$851.31)	25,423.53	26,274.84	26,274.84		
Municipal Alliance on Alcoholism and Drug Abuse:					
State	11,968.00	11,968.00	11,968.00		
Local	2,940.00	2,940.00	2,940.00		
N.J. Youth Corps - 2010 - ALWY11N	4,356.00	4,356.00	4,356.00		
N.J. Youth Corps - 2011 - ALWY12N (N.J.S.A. 40A:4-87 + \$484,578.00)		484,578.00	484,578.00		
N.J. Youth Corps - 2010 - Returning Veterans Program	28,020.00	28,020.00	28,020.00		
Emergency Management Grant	5,000.00	5,000.00	5,000.00		
Body Armor Replacement Grant	3,417.34	3,417.34	3,417.34		
Urban Enterprise Zone Projects:					
Police Patrols	25,600.00	25,600.00	25,600.00		
Administration FY 2011	22,960.15	22,960.15	22,960.15		
Drunk Driving Enforcement Grant (N.J.S.A. 40A:4-87 + \$5,343.45)	5,343.45	5,343.45	5,343.45		
Cops in Shops - College Fall Initiative 2010-2011	4,000.00	4,000.00	4,000.00		
Peron Sewer Allocation	100,000.00	100,000.00	100,000.00		
Norfolk Southern Grant	1,000.00	1,000.00	1,000.00		
ARRA - Energy Efficiency Block Grant (N.J.S.A. 40A:4-87 + \$19,459.76)		19,459.76	19,459.76		

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Program Offset by Revenue (Continued):					
NJ Department of Law and Public Safety:					
Over the Limit Under Arrest - 2011 Statewide					
Crackdown Grant (N.J.S.A. 40A:4-87 + \$4,400.00)		\$ 4,400.00	\$ 4,400.00		
Total Operations Excluded from "CAPS"	\$ 789,515.47	1,298,804.54	1,276,455.56	\$ 22,348.98	
Detail:					
Other Expenses	789,515.47	1,298,804.54	1,276,455.56	22,348.98	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	34,641.00	34,641.00	34,641.00		
New Jersey Transportation Trust Fund Authority Act	185,260.00	185,260.00	185,260.00		
Total Capital Improvements Excluded from "CAPS"	219,901.00	219,901.00	219,901.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	550,000.00	550,000.00	550,000.00		
Payment of Bond Anticipation Notes	877,370.00	877,370.00	877,370.00		
Interest on Bonds	106,850.00	106,850.00	106,621.52		\$ 228.48
Interest on Notes	73,533.00	73,533.00	73,327.97		205.03
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	15,545.80	15,545.80	15,545.80		
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	82,092.64	82,092.64	79,686.08		2,406.56
Total Municipal Debt Service Excluded from "CAPS"	1,705,391.44	1,705,391.44	1,702,551.37		2,840.07

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(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>	
Deferred Charges:					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00		
Deferred Charges to Future Taxation - Unfunded Ordinance #06-32	35,839.99	35,839.99	35,839.99		
Unfunded Ordinance #99-05; 99-16	476.50	476.50	476.50		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>126,316.49</u>	<u>126,316.49</u>	<u>126,316.49</u>		
Total General Appropriations Excluded from "CAPS"	<u>2,841,124.40</u>	<u>3,350,413.47</u>	<u>3,325,224.42</u>	\$ 22,348.98	\$ 2,840.07
Subtotal General Appropriations	14,895,390.90	15,404,679.97	14,805,850.16	595,989.74	2,840.07
Reserve for Uncollected Taxes	<u>1,536,816.87</u>	<u>1,536,816.87</u>	<u>1,536,816.87</u>		
Total General Appropriations	<u>\$ 16,432,207.77</u>	<u>\$ 16,941,496.84</u>	<u>\$ 16,342,667.03</u>	<u>\$ 595,989.74</u>	<u>\$ 2,840.07</u>

Ref.

A

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Ref.</u>	Analysis of	
		Budget After Modification	Paid or Charged
Adopted Budget		\$ 16,432,207.77	
Added by:			
N.J.S.A. 40A:4-87		509,289.07	
		\$ 16,941,496.84	
Cash Disbursed			\$ 13,688,368.66
Reserve for Uncollected Taxes			1,536,816.87
Encumbrances	A		228,000.88
Deferred Charges - Special Emergency Authorization			90,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			955,124.54
Local Matching Funds			2,940.00
			16,501,250.95
Less: Appropriation Refunds			158,583.92
			\$ 16,342,667.03

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
TRUST FUNDS

TOWN OF PHILLIPSBURG
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 2,108.90	\$ 12,059.56
		<u>2,108.90</u>	<u>12,059.56</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,171,613.99	1,181,193.33
Community Development Revolving Loan Program Receivable		762,415.89	840,324.75
		<u>1,934,029.88</u>	<u>2,021,518.08</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,936,138.78</u>	<u>\$ 2,033,577.64</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 16.30	\$ 1,884.06
Reserve for Animal Control Expenditures	B-6	2,092.60	10,175.50
		<u>2,108.90</u>	<u>12,059.56</u>
Other Trust Funds:			
Due to Current Fund	A	196.77	229.72
Reserve for:			
Federally Funded Housing Assistance Program (Section 8)		328,209.62	356,514.46
Planning Board/Zoning Board Escrow		409,863.64	478,542.07
Community Development Revolving Loan Program		973,293.19	975,283.01
Parking Offense Adjudication Act		4,516.56	5,691.34
Bernards Township R.C.A. Program		135,494.34	157,241.86
Accumulated Sick and Vacation		38,995.00	
Police Outside Services		9,955.08	16,846.55
Other Deposits			455.00
Small Cities Block Grants		10,609.75	10,609.75
Neighborhood Preservation Grant		8,442.24	8,442.24
Public Defender Fees		14,453.68	11,662.08
Flex Spending Benefits		0.01	
		<u>1,934,029.88</u>	<u>2,021,518.08</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,936,138.78</u>	<u>\$ 2,033,577.64</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, 2011

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, 2011

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 742,150.87	\$ 147,775.07
Prospective Assessments Funded by Taxation		105,839.99	70,000.00
Deferred Charges to Future Taxation:			
Funded		2,026,474.84	2,662,087.41
Unfunded	C-4	10,311,762.01	10,567,274.50
<u>TOTAL ASSETS</u>		<u>\$ 13,186,227.71</u>	<u>\$ 13,447,136.98</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 1,823,000.00	\$ 2,373,000.00
NJ Wastewater Treatment Loans Payable:			
Trust	C-9	10,000.00	55,674.85
Fund	C-9	4,465.58	32,811.85
Green Acres Loan Payable	C-9a	189,009.26	200,600.71
Bond Anticipation Notes Payable	C-7	5,059,428.00	4,428,870.00
Improvement Authorizations:			
Unfunded	C-5	5,686,752.77	6,217,952.33
Due to Current Fund	A	387.13	88.43
Capital Improvement Fund	C-6	621.84	621.84
Reserve for:			
Encumbrances		272,185.50	32,979.33
Improvements		25,000.00	25,000.00
Prospective Assessments Funded by Taxation		105,839.99	70,000.00
Fund Balance	C-1	9,537.64	9,537.64
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 13,186,227.71</u>	<u>\$ 13,447,136.98</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, 2010	C	<u>\$ 9,537.64</u>
Balance December 31, 2011	C	<u>\$ 9,537.64</u>

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2011	2010
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 1,734,975.99	\$ 2,509,776.63
Cash - Collector	E-6	1,655,539.31	3,402.88
Change Fund		500.00	500.00
		<u>3,391,015.30</u>	<u>2,513,679.51</u>
Due from Current Fund	A	2,368.65	
Due from Sewer Utility Capital Fund	E	951.85	948.05
		<u>3,394,335.80</u>	<u>2,514,627.56</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-7	195,261.77	236,314.69
Sewer Liens Receivable	E-8	3,409.13	2,697.44
Total Receivables with Full Reserves	E	<u>198,670.90</u>	<u>239,012.13</u>
Total Operating Fund		<u>3,593,006.70</u>	<u>2,753,639.69</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	2,247,150.27	2,244,264.74
NJ Environmental Infrastructure Trust Loan Receivable:			
Trust		487,521.82	1,413,588.82
Fund			202,506.00
Fixed Capital	E-9	26,898,948.95	26,824,848.95
Fixed Capital Authorized and Uncompleted	E-10	7,542,400.00	7,466,500.00
Total Capital Fund		<u>37,176,021.04</u>	<u>38,151,708.51</u>
<u>TOTAL ASSETS</u>		<u>\$ 40,769,027.74</u>	<u>\$ 40,905,348.20</u>

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

	Ref.	December 31,	
		2011	2010
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 114,601.47	\$ 351,074.79
Encumbered	E-3;E-11	358,187.08	307,498.40
Total Appropriation Reserves		<u>472,788.55</u>	<u>658,573.19</u>
Accrued Interest on Loans Payable		<u>25,638.24</u>	<u>27,820.46</u>
		498,426.79	686,393.65
Reserve for Receivables	E	198,670.90	239,012.13
Fund Balance	E-1	<u>2,895,909.01</u>	<u>1,828,233.91</u>
Total Operating Fund		<u>3,593,006.70</u>	<u>2,753,639.69</u>
Capital Fund:			
New Jersey Wastewater Treatment Loans Payable:			
Trust	E-16	34,691.94	104,708.55
Fund	E-16	12,705.23	30,786.34
NJ Environmental Infrastructure Trust Loan Payable:			
Trust		1,335,000.00	1,385,000.00
Fund		1,294,370.85	1,366,280.34
Improvement Authorizations:			
Funded	E-12	891,162.00	1,262,326.35
Unfunded	E-12	187,590.00	187,590.00
Due to Sewer Utility Operating Fund	E	951.85	948.05
Capital Improvement Fund	E-13	957,671.46	1,027,671.46
Reserve for:			
Encumbrances		206,505.87	896,532.79
Amortization	E-14	27,021,400.93	26,737,293.72
Deferred Amortization	E-15	4,555,590.00	4,479,690.00
Receivable		28,588.82	28,588.82
Sewer Improvements		465,452.00	459,952.00
Fund Balance	E-1a	<u>184,340.09</u>	<u>184,340.09</u>
Total Capital Fund		<u>37,176,021.04</u>	<u>38,151,708.51</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 40,769,027.74</u>	<u>\$ 40,905,348.20</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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Rents		\$ 4,097,089.18	\$ 3,739,989.78
Nonbudget Revenue		298,146.00	52,384.28
Other Credits to Income:			
Appropriation Reserves Lapsed		328,211.58	546,919.08
Total Income		<u>4,723,446.76</u>	<u>4,339,293.14</u>
 <u>Expenditures</u>			
Budget Expenditures:			
Operating		2,950,392.00	2,910,444.00
Capital Improvements		80,000.00	200,000.00
Debt Service		296,379.66	496,165.36
Deferred Charges and Statutory Expenditures		29,000.00	29,000.00
Refund of Prior Year Revenue			7,000.00
Total Expenditures		<u>3,355,771.66</u>	<u>3,642,609.36</u>
Excess in Revenue		1,367,675.10	696,683.78
 <u>Fund Balance</u>			
Balance January 1		<u>1,828,233.91</u>	<u>1,431,550.13</u>
		3,195,909.01	2,128,233.91
Decreased by:			
Prior Year Fund Balance Anticipated as Current Fund Revenue		<u>300,000.00</u>	<u>300,000.00</u>
Balance December 31	E	<u>\$ 2,895,909.01</u>	<u>\$ 1,828,233.91</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, 2010	E	<u>\$ 184,340.09</u>
Balance December 31, 2011	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, 2011

	Anticipated	Realized	Excess
Rents	\$ 3,362,392.00	\$ 4,097,089.18	\$ 734,697.18
Nonbudget Revenue		298,146.00	298,146.00
	\$ 3,362,392.00	\$ 4,395,235.18	\$ 1,032,843.18
 <u>Analysis of Rents:</u>			
Other Municipalities	\$ 2,473,073.98		
Consumer Accounts Receivable	1,624,015.20		
		\$ 4,097,089.18	
 <u>Analysis of Nonbudget Revenue</u>			
Collector:			
Interest on Investments	\$ 4,161.33		
Interest on Sewer Rents	23,899.90		
Returned Check Fees	60.00		
		\$ 28,121.23	
Treasurer:			
Interest on Investments	19,352.57		
Returned Check Fees	80.00		
Hook-up Fees	246,678.75		
Other	592.95		
		266,704.27	
Due from Sewer Utility Capital Fund:			
Interest on Investments		951.85	
Due from Current Fund - Collector's Account:			
Sewer Liens Redemption		2,368.65	
		\$ 298,146.00	

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, 2011

	<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	\$ 306,638.00	\$ 306,638.00	\$ 304,568.85	\$ 2,069.15	
Other Expenses	2,643,754.00	2,643,754.00	2,535,794.16	107,959.84	
Capital Improvements:					
Capital Improvement Fund	80,000.00	80,000.00	80,000.00		
Debt Service:					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	303,000.00	303,000.00	296,379.66		\$ 6,620.34
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	25,000.00	25,000.00	22,121.25	2,878.75	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	4,000.00	4,000.00	2,306.27	1,693.73	
	<u>\$ 3,362,392.00</u>	<u>\$ 3,362,392.00</u>	<u>\$ 3,241,170.19</u>	<u>\$ 114,601.47</u>	<u>\$ 6,620.34</u>
				E	
Cash Disbursed			\$ 2,796,610.66		
Accrued Interest on Wastewater Treatment Loans			86,372.45		
Encumbrances Payable			358,187.08		
			<u>\$ 3,241,170.19</u>		

Ref.

E

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
BOND AND INTEREST FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF PHILLIPSBURG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

	December 31,	
	2011	Restated 2010
<u>ASSETS</u>		
Land	\$ 10,553,100.00	\$ 10,565,100.00
Buildings	14,863,200.00	14,890,500.00
Equipment	8,490,006.00	7,841,844.00
Construction in Progress	5,168,727.00	4,424,846.00
<u>TOTAL ASSETS</u>	<u>\$ 39,075,033.00</u>	<u>\$ 37,722,290.00</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 39,075,033.00	\$ 37,722,290.00
<u>TOTAL RESERVES</u>	<u>\$ 39,075,033.00</u>	<u>\$ 37,722,290.00</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, 2011

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.

General Fixed Asset Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1E.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

C. Basis of Accounting

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

The 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.

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 Sewer Utility Capital Fund would be depreciated.

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

D. Deferred Charges to Future Taxation – The General 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 and by issuing loans or capital lease purchase agreements.

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.

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.

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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

General Fixed Assets Account Group (Cont'd) – In accordance with Technical Accounting Directive No. 85-2, General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted the inventory of the Town's assets in 2003. Subsequent fixed assets purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. 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 Assets 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 Sewer Utility Operating 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.

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2011	2010	2009
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 7,085,902.84	\$ 7,090,957.41	\$ 8,475,958.56
Sewer Utility:			
Loans	2,676,768.02	2,886,775.23	499,471.31
Net Debt Issued	<u>9,762,670.86</u>	<u>9,977,732.64</u>	<u>8,975,429.87</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	5,252,334.01	6,138,404.50	5,701,404.50
Sewer Utility:			
Bonds and Notes	187,590.00	187,590.00	2,986,810.00
Total Authorized but not Issued	<u>5,439,924.01</u>	<u>6,325,994.50</u>	<u>8,688,214.50</u>
<u>Less:</u>			
Redevelopment and Housing per N.J.S.A. 40A:12A-67d	<u>105,839.99</u>	<u>70,000.00</u>	<u>35,000.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 15,096,754.88</u>	<u>\$ 16,233,727.14</u>	<u>\$ 17,628,644.37</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 1.19%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 960,000.00	\$ 960,000.00	
Sewer Utility Debt	2,864,358.02	2,864,358.02	
General Debt	12,338,236.85	105,839.99	\$ 12,232,396.86
	<u>\$ 16,162,594.87</u>	<u>\$ 3,930,198.01</u>	<u>\$ 12,232,396.86</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Net Debt of \$12,232,396.86 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$1,028,004,471.00 = 1.19%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 35,980,156.49
Net Debt	<u>12,232,396.86</u>
Remaining Borrowing Power	<u>\$ 23,747,759.63</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,395,235.18
Deductions:	
Operating and Maintenance Costs	\$ 2,979,392.00
Debt Service	<u>296,379.66</u>
	<u>3,275,771.66</u>
Excess in Revenue	<u>\$ 1,119,463.52</u>

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>12/31/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/11</u>
Serial Bonds:				
General Capital Fund	\$ 2,373,000.00		\$ 550,000.00	\$ 1,823,000.00
Loans Payable:				
General Capital Fund:				
Green Trust Loans	200,600.71		11,591.45	189,009.26
Wastewater Treatment Loans	88,486.70		74,021.12	14,465.58
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	135,494.89		88,097.72	47,397.17
NJEIT Loans	2,751,280.34		121,909.49	2,629,370.85
Bond Anticipation Notes:				
General Capital Fund	<u>4,428,870.00</u>	<u>\$ 5,059,428.00</u>	<u>4,428,870.00</u>	<u>5,059,428.00</u>
Total	<u>\$ 9,977,732.64</u>	<u>\$ 5,059,428.00</u>	<u>\$ 5,274,489.78</u>	<u>\$ 9,762,670.86</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/10</u>
Serial Bonds:				
General Capital Fund	\$ 2,898,000.00		\$ 525,000.00	\$ 2,373,000.00
Loans Payable:				
General Capital Fund:				
Green Trust Loans	211,963.76		11,363.05	200,600.71
Wastewater Treatment Loans	223,624.80		135,138.10	88,486.70
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	499,471.31		363,976.42	135,494.89
NJEIT Loans		\$ 2,799,220.00	47,939.66	2,751,280.34
Bond Anticipation Notes:				
General Capital Fund	<u>5,142,370.00</u>	<u>4,428,870.00</u>	<u>5,142,370.00</u>	<u>4,428,870.00</u>
Total	<u>\$ 8,975,429.87</u>	<u>\$ 7,228,090.00</u>	<u>\$ 6,225,787.23</u>	<u>\$ 9,977,732.64</u>

Analysis of Debt Issued and Outstanding at December 31, 2011

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Improvement Bonds of 2001	8/15/2014	4.20%-4.40%	<u>\$ 1,823,000.00</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> <u>Dec. 31, 2011</u>
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 189,009.26</u>

General Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Trust Loan 2	2013	<u>\$ 10,000.00</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2011 (Cont'd)

General Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2011</u>
Fund Loan 2	2013	\$ 4,465.58

Sewer Utility Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2011</u>
Trust Loan 2	2012	\$ 14,691.94
Trust Loan 3	2013	20,000.00
		<u>\$ 34,691.94</u>

Sewer Utility Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2011</u>
Fund Loan 2	2013	\$ 12,705.23

Sewer Utility Capital NJ Environmental Infrastructure Loans Payable (Trust Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2011</u>
Trust Loan 1	2029	\$ 1,335,000.00

Sewer Utility Capital NJ Environmental Infrastructure Loans Payable (Fund Loan)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2011</u>
Fund Loan 1	2029	\$ 1,294,370.85

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2011 (Cont'd)

General Capital Bond Anticipation Notes Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2011
Various Capital Improvements	08/24/12	0.98%	\$ 133,000.00
Various Capital Improvements	08/24/12	0.98%	140,000.00
Various Capital Improvements	04/19/12	2.00%	426,000.00
Various Capital Improvements	08/24/12	0.98%	712,000.00
Various Capital Improvements	04/19/12	2.00%	200,049.00
Various Capital Improvements	08/24/12	0.98%	1,294,500.00
Various Capital Improvements	04/19/12	2.00%	535,000.00
Various Capital Improvements	04/19/12	2.00%	411,000.00
Various Capital Improvements	08/24/12	0.98%	237,500.00
Various Capital Improvements	04/19/12	2.00%	355,879.00
Various Capital Improvements	08/24/12	0.98%	142,500.00
Various Capital Improvements	04/19/12	2.00%	472,000.00
			<u>\$ 5,059,428.00</u>
Total Debt Issued and Outstanding			<u>\$ 9,762,670.86</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 commenced 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. As of December 31, 2011, the Town has paid off one of the three loans in the General Capital Fund and two of the five loans in the Sewer Utility Capital Fund.

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

Wastewater Treatment Loans (Cont'd)

At December 31, 2011, 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.

N.J Environmental Infrastructure Loans

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

The loan agreements were obtained to finance a portion of the cost of improvements to the Town sewage treatment plant.

At December 31, 2011, the Town has borrowed or "drawn down" \$2,340,287 of the \$2,799,220 Loan funds necessary to complete the improvements to the sewage treatment plant partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2029 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2029.

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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

Year	General		Sewer		Total
	Principal	Interest	Principal	Interest	
2012	\$ 599,108.31	\$ 82,982.11	\$ 153,099.54	\$ 60,679.82	\$ 895,869.78
2013	624,243.83	58,144.45	138,116.61	54,640.00	875,144.89
2014	650,304.56	31,313.24	126,909.49	51,900.00	860,427.29
2015	12,551.88	2,993.91	126,909.49	49,150.00	191,605.28
2016	12,804.18	2,741.62	131,909.49	46,400.00	193,855.29
2017-2021	67,986.36	9,742.63	704,547.45	185,150.00	967,426.44
2022-2026	59,475.72	2,707.49	784,547.45	108,950.00	955,680.66
2027-2029			510,728.50	23,800.00	534,528.50
	<u>\$ 2,026,474.84</u>	<u>\$ 190,625.45</u>	<u>\$ 2,676,768.02</u>	<u>\$ 580,669.82</u>	<u>\$ 5,474,538.13</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2011, which was included in the introduced budget for the Current and Sewer Utility Operating Funds for the year ending December 31, 2012, are as follows:

Current Fund	\$ 940,500.00
Sewer Utility Operating Fund	1,040,000.00

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 (CPFPF) of New Jersey.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" 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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 5: Pension Plans (Cont'd)

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. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for PERS went from 5.5% to 6.5%, while the employee contributions for PFRS increased to 10.0% from 8.5% of employees' annual compensation, as defined. There are no active members in the CPFPP. 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 contribution to PERS amounted to \$370,914, \$292,683 and \$267,803 for 2011, 2010 and 2009, respectively. Town contribution to PFRS amounted to \$825,381, \$736,203 and \$624,711 for 2011, 2010 and 2009, respectively.

Note 6: Accrued Sick and Vacation Benefits and Compensatory Time

The Town permits employees to accrue a limited amount of unused vacation and sick pay and compensatory time, 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 \$1,489,000. 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 Pay of \$38,995 reflected on the Other Trust Funds' balance sheet as of December 31, 2011.

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, 2011
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010*</u>	<u>2009</u>
<u>Tax Rate</u>	\$ 2.63	\$ 2.57	\$ 4.10
<u>Apportionment of Tax Rate</u>			
Municipal	1.10	1.06	1.73
County	.64	.63	1.09
Local School	.89	.88	1.28
<u>Assessed Valuations</u>			
2011	<u>\$ 983,267,120.00</u>		
2010		<u>\$ 984,531,145.00</u>	
2009			<u>\$ 559,928,438.00</u>

* Revaluation effective for 2010.

Comparison of Tax Levies and Collection

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>
2011	\$ 25,837,704.31	\$ 24,442,669.25	94.60%
2010	25,280,449.00	24,015,485.94	94.99%
2009	23,048,101.04	21,998,768.89	95.44%

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 include 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, 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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

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; and

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;
- (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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

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

(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, 2011, cash and cash equivalents of the Town of Phillipsburg consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 1,050.00	\$ 4,822,704.98	\$ 4,823,754.98
Animal Control		2,108.90	2,108.90
Other Trust		1,171,613.99	1,171,613.99
General Capital		742,150.87	742,150.87
Sewer Utility:			
Operating	500.00	3,390,515.30	3,391,015.30
Capital		2,247,150.27	2,247,150.27
	<u>\$ 1,550.00</u>	<u>\$ 12,376,244.31</u>	<u>\$ 12,377,794.31</u>

The Town did not hold any investments during the year ended December 31, 2011. The carrying amount of the Town's cash and cash equivalents at year end was \$12,377,794.31 and the bank balance was \$12,308,038.35.

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 9: Risk Management (Cont'd)

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.

The December 31, 2011 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2010 is as follows:

	Statewide Insurance Fund Dec. 31, 2010
Total Assets	\$ 29,629,912
Fund Equity/Retained Earnings	\$ 3,914,080
Total Revenue	\$ 18,303,632
Total Expenses	\$ 18,555,310
Net Loss for the Year Ended December 31, 2010	\$ (251,678)
Fund Equity Distribution to Participating Members	\$ -0-

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

Statewide Insurance Fund

Statewide Insurance Fund
26 Columbia Turnpike
P.O. Box 678
Florham Park, NJ 07932-0678
(973) 549-1900

New Jersey Unemployment Compensation Insurance

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

Note 10: 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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 11: Contingencies

The Town is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Town's financial position as of December 31, 2011.

Various tax appeals on assessed valuations have been filed against the Town and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Town's Tax Assessor will aggressively defend the Town's assessments. The Town has established a reserve, which it feels is sufficient, for this contingency in the amount of \$350,000.

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

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31,2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 617.80	\$ 353,483.32
Federal and State Grant	351,114.67	
Animal Control		33.90
Other Trust		196.77
General Capital		387.13
Sewer Utility Operating	3,320.50	
Sewer Utility Capital		951.85
	<u>\$ 355,052.97</u>	<u>\$ 355,052.97</u>

The interfund receivable in the Current Fund reflects December 2011 interest earnings due from the Other Trust Funds and the General Capital Fund; as well as excess funds turned over from the Animal Control Fund. The interfund payable in the Current Fund represents 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 payable in the Sewer Utility Operating Fund reflects December 2011 interest earnings due from the Sewer Utility Capital Fund.

Note 13: 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, 2011
(Continued)

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2011 and 2010:

	Restated Balance Dec. 31, 2010	Additions	Deletions	Balance Dec. 31, 2011
Land	\$ 10,565,100		\$ 12,000	\$ 10,553,100
Buildings	14,890,500		27,300	14,863,200
Machinery and Equipment	7,841,844	\$ 762,893	114,731	8,490,006
Construction in Progress	4,424,846	743,881		5,168,727
	<u>\$ 37,722,290</u>	<u>\$ 1,506,774</u>	<u>\$ 154,031</u>	<u>\$ 39,075,033</u>

	Balance Dec. 31, 2009	Additions	Deletions	Restated Balance Dec. 31, 2010
Land	\$ 10,596,600		\$ 31,500	\$ 10,565,100
Buildings	14,931,100		40,600	14,890,500
Machinery and Equipment	7,675,234	\$ 220,761	54,151	7,841,844
Construction in Progress		4,424,846		4,424,846
	<u>\$ 33,202,934</u>	<u>\$ 4,645,607</u>	<u>\$ 126,251</u>	<u>\$ 37,722,290</u>

Note 15: Accounts Payable

Payables at December 31, 2011 and 2010 are as follows:

	December 31,	
	2011	2010
Current Fund:		
Vendors	<u>\$ 17,934.34</u>	<u>\$ 163.95</u>

Note 16: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2011	2012 Budget Appropriation	Balance to Succeeding Years' Budgets
Current Fund:			
Special Emergency Authorization (N.J.S.A. 40A:4-53)	<u>\$ 90,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ -0-</u>

The appropriation in the 2012 budget is not less than that required by statute.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011
(Continued)

Note 16: Prior Year Adjustment

The balance sheet for the General Fixed Assets Account Group was restated to include gas pumps purchased by the Town in 2010 which were not recorded in the fixed assets records until 2011.

	<u>Balance 12/31/10</u>	<u>Retroactive Adjustments</u>	<u>Balance 12/31/10 Restated</u>
Assets:			
Machinery and Equipment	\$ 7,683,959.00	\$ 157,885.00	\$ 7,841,844.00
Reserves:			
Reserve for General Fixed Assets	37,564,405.00	157,885.00	37,722,290.00

TOWN OF PHILLIPSBURG

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2011

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Harry L. Wyant Jr.	Mayor		
Randy Piazza, Sr.	President; Councilman		
Bernie Fey	Vice President; Councilman		
John Lynn	Councilman		
James P. Stettner	Councilman		
Todd Tersigni	Councilman		
Michele D. Broubalow	Municipal Clerk; Administrator		
Joseph Hriczak	Chief Financial Officer; Tax Collector; Sewer Collector	\$ 105,000.00 350,000.00	Selective Insurance Company Selective Insurance Company
Lydia Schmidt	Tax Assessor (till 08/31/11)		
Craig Brotons	Tax Assessor (from 09/01/11)		
Joel A. Kobert	Town Attorney		
Anthony J. Pannella	Bond Counsel		
Kevin Duddy	Construction Official		
John Fritts	Zoning Officer		
Stanley J. Schrek	Engineer		
Dennis Yoder	Engineer for Wastewater Treatment Plant		
Dennis Baptista	Magistrate	(1)	
Lauri Kaulius	Municipal Court Administrator	(1)	
Christopher M. Troxell	Prosecutor		

(1) - Court personnel are covered by a separate blanket bond in the amount of \$60,000.00.

In addition to the surety bonds listed, there is a blanket employee dishonesty coverage of \$1,000,000.00 for employee theft and \$250,000 for forgery or alteration covering all employees who are not separately bonded with the Fidelity and Deposit Company of Maryland through Statewide Insurance Fund.

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 4,090,862.32
Increased by Receipts:		
Tax Collector		\$ 23,598,175.00
Clerk		98,959.82
Taxes Receivable - Homestead Rebates		279,673.87
Revenue Accounts Receivable		3,234,968.49
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		187,689.92
Nonbudget Revenue		197,363.65
2011 Appropriation Refunds		158,583.92
Interest on Investments and Deposits		21,532.46
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		1,834,685.02
Unappropriated Grant Reserves		32,835.72
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		1,884.06
Due from Other Trust Funds:		
Settlement of Prior Year Interfund		229.72
Due from General Capital Fund:		
Settlement of Prior Year Interfund		88.43
Due from Payroll Accounts:		
Settlement of Prior Year Interfund		29.08
Due from Claims Account:		
Settlement of Prior Year Interfund		94.49
Reserve for:		
Sale of Municipal Assets		17,000.00
Library		570,718.00
		30,234,511.65
		34,325,373.97

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

Ref.

Decreased by Disbursements:

2011 Appropriation Expenditures	\$ 13,688,368.66	
2010 Appropriation Reserves	684,752.50	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	1,670,011.99	
Prior Year Encumbrances Payable	45,903.26	
Local School District Taxes	8,701,089.00	
County Taxes	6,241,666.01	
Refund of Tax Overpayments	12,582.44	
Refund of Prior Year Taxes	2,431.63	
Refund of Tax Sale Premiums	76,100.00	
Refund of Outside Liens	1,385.07	
Reserve for:		
Library	534,314.06	
	<hr/>	<hr/>
		\$ 31,658,604.62
Balance December 31, 2011	A	<hr/> <hr/> \$ 2,666,769.35

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2010	<u>Ref.</u> A	\$ 118,506.62
Increased by Receipts:		
Taxes Receivable	\$ 24,978,997.12	
Tax Title Liens Redemption	55,782.32	
2012 Prepaid Taxes	124,048.75	
Interest and Costs on Taxes	291,910.48	
Tax Sale Premiums	125,000.00	
Due to Sewer Utility Operating Fund:		
Redemption of Sewer Lien	2,368.65	
Redemption of Outside Liens	1,385.07	
Interest on Deposits	6,818.30	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	26,166.28	
Tax Overpayments	13,037.39	
		<u>25,625,514.36</u>
		25,744,020.98
Decreased by:		
Payments to Treasurer		<u>23,598,175.00</u>
Balance December 31, 2011	A	<u>\$ 2,145,845.98</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - CLERK

Balance December 31, 2010	<u>Ref.</u> A	\$ 7,142.17
Increased by Receipts:		
Due to State of NJ:		
Marriage License Fees	\$ 2,250.00	
Burial Permit Fees	25.00	
Due to Animal Control Fund:		
Due to State of NJ:		
Dog License Fees	1,941.60	
Dog License Fees	8,731.40	
Dog License Late Fees	1,860.00	
Cat License Fees	2,935.50	
Cat License Late Fees	672.00	
Replacement Tags	2.50	
Alcoholic Beverages Licenses	37,140.00	
Other Licenses	10,779.00	
Fees and Permits	54,051.00	
Miscellaneous Revenue Not Anticipated	88.75	
Interest on Deposits	34.65	
	<hr/>	120,511.40
		<hr/>
		127,653.57
Decreased by:		
Payments to Treasurer - Current Fund	98,959.82	
Payment to Animal Control Fund:		
Interfund Advanced	33.90	
Dog and Cat Licenses and Late Fees	14,201.40	
Payments to State of NJ:		
Department of Health - Dog License Fees	1,948.80	
Marriage License Fees	2,400.00	
Burial Permit Fees	20.00	
	<hr/>	117,563.92
		<hr/>
Balance December 31, 2011	A	\$ 10,089.65

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

Year	Balance		Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2011	
	Dec. 31, 2010	2011 Levy	2010	2011						
2007	\$ 3,840.39			\$ 1,500.07					\$ 2,340.32	
2008	2,008.45								2,008.45	
2009	8,619.57			5,030.56					3,589.01	
2010	1,194,274.91			1,107,795.60		\$ (3,250.00)		\$ 71,059.22	18,670.09	
	<u>1,208,743.32</u>			<u>1,114,326.23</u>		<u>(3,250.00)</u>		<u>71,059.22</u>	<u>26,607.87</u>	
2010		\$ 25,837,704.31	\$ 104,820.22	24,144,344.76	\$ 1,310.43	192,193.84	\$ 65,857.00	116,762.29	1,212,415.77	
	<u>\$ 1,208,743.32</u>	<u>\$ 25,837,704.31</u>	<u>\$ 104,820.22</u>	<u>\$ 25,258,670.99</u>	<u>\$ 1,310.43</u>	<u>\$ 188,943.84</u>	<u>\$ 65,857.00</u>	<u>\$ 187,821.51</u>	<u>\$ 1,239,023.64</u>	
Ref.	A									A

Analysis of 2011 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$ 25,830,430.12
Added Taxes (54:4-63.1 et seq.)	<u>7,274.19</u>
	<u>\$ 25,837,704.31</u>

Tax Levy:

Local School District Taxes	\$ 8,787,939.00
County Taxes:	
County Taxes	\$ 5,598,823.48
County Open Space Taxes	637,776.26
Due County for Added and Omitted Taxes	<u>1,758.32</u>
	6,238,358.06
Local Tax for Municipal Purposes	10,456,893.07
Municipal Library Taxes	347,933.11
Additional Taxes Levied	<u>6,581.07</u>
	<u>10,811,407.25</u>
	<u>\$ 25,837,704.31</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 122,154.77
Increased by:		
Transfer from Taxes Receivable		\$ 187,821.51
Interest and Costs on Tax Sale		<u>18,214.21</u>
		<u>206,035.72</u>
		328,190.49
Decreased by:		
Tax Title Lien Redeemed		<u>55,782.32</u>
Balance December 31, 2011	A	<u><u>\$ 272,408.17</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Accrued In</u> <u>2011</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Collected by</u> <u>Clerk</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Alcoholic Beverages Licenses		\$ 37,140.00		\$ 37,140.00	
Other Licenses		10,779.00		10,779.00	
Fees and Permits		92,123.36	\$ 38,072.36	54,051.00	
Municipal Court:					
Fines and Costs	\$ 35,922.97	437,234.42	439,137.13		\$ 34,020.26
Payment in Lieu of Taxes - Federal Housing Project		100,141.00	100,141.00		
Payment in Lieu of Taxes - Sewage Treatment		83,500.00	83,500.00		
Consolidated Municipal Property Tax Relief Aid		584,445.00	584,445.00		
Energy Receipts Taxes		1,420,956.00	1,420,956.00		
Uniform Construction Code Fees		194,705.00	194,705.00		
Pool Receipts and Passes		14,012.00	14,012.00		
Utility Operating Surplus of Prior Year		300,000.00	300,000.00		
Rental of Town Facilities - Former Armory and Town Garage		60,000.00	60,000.00		
	<u>\$ 35,922.97</u>	<u>\$ 3,335,035.78</u>	<u>\$ 3,234,968.49</u>	<u>\$ 101,970.00</u>	<u>\$ 34,020.26</u>

Ref.

A

A

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

	Balance Dec. 31, 2010	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Cancelled	Balance Dec. 31, 2011
Municipal Alliance:						
2010	\$ 4,697.08		\$ 4,697.08			
2011		\$ 11,968.00	6,530.17			\$ 5,437.83
N.J. Department of Labor and Workforce Development:						
N.J. Youth Corps - 2010 - ALWY11N	355,639.00	4,356.00	292,731.00		\$ 67,264.00	
N.J. Youth Corps - 2011 - ALWY12N		484,578.00	230,198.00			254,380.00
ARRA - N.J. Youth Corps - 2010 - Returning Veterans Program	10,786.00	28,020.00	38,806.00			
N.J. Transportation Trust Fund Authority Act:						
2009 - Municipal Aid Program	94,836.25		47,381.53		47,454.72	
2010 - Municipal Aid Program	77,365.45		50,902.22		26,463.23	
2011 - Municipal Aid Program		185,260.00				185,260.00
2009 - Morris Street	170,000.00		81,619.50			88,380.50
Clean Communities Program - 2011		26,274.84	26,274.84			
Recycling Tonnage Grant - 2011		23,487.00		\$ 23,487.00		
Urban Enterprise Projects:						
Tenant Incentive Package - 2004	180.26					180.26
Curbside Appeal Project - 2004	92.00					92.00
Neighborhood Revitalization Tax Credit Plan - 2004	21,810.10		20,000.00			1,810.10
Phillipsburg Railroad Museum Engineering Project - 2005	11,078.50					11,078.50
Railroad Museum Grant Administration Project - 2005	5,791.42					5,791.42
Rent Subsidy Incentive Program - 2006	31,400.00		8,450.00			22,950.00
Railroad Museum Administration Grant - Phase III - 2007	5,526.97					5,526.97
Marketing Phase V - 2007	1,313.78					1,313.78
TV Marketing & Promotions Project - 2007	1,405.00		500.00			905.00
Police Patrols - Phase VI - 2008	828.43					828.43
Shappell Park Phase III - 2008	1,179.71					1,179.71
Website Project - 2008	622.00					622.00
Trolley Bus Operation - Phase II - 2008	480.00					480.00
Co-op Marketing Grant Project - 2008	16,007.11		1,894.53			14,112.58
Tenant Incentive Project - Phase III - 2009	14,733.00		14,733.00			

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

	Balance Dec. 31, 2010	Budget Revenue Realized	Received	Transferred From Unappropriated Reserves	Cancelled	Balance Dec. 31, 2011
Urban Enterprise Projects:						
SFY 2010 Administrative Budget - 2009	\$ 38,377.61					\$ 38,377.61
Marketing Program Phase VII - 2009	1,716.23		\$ 1,629.43			86.80
Morris Canal Arch Architecture - 2009	20,444.20		19,590.50			853.70
LaBella Expansion - 2009	12,350.00		12,350.00			
Police Patrols - 2010	9,064.00		7,280.00			1,784.00
Marketing VIII - 2010	22,705.00		2,894.18			19,810.82
Tenant Incentive IV - 2010	10,000.00		1,505.67			8,494.33
Administration FY 2011 - 2010	10,000.00	\$ 22,960.15	30,243.89			2,716.26
Police Patrols VIII - 2011		25,600.00	18,688.00			6,912.00
DRJTBC Compact Authorized Investment Grant	42,040.17		42,040.17			
Delaware River Joint Bridge Commission:						
Compact Authorized Investments - 2009	158,164.17		158,164.17			
Compact Authorized Investments - 2010	878,864.50		648,036.50			230,828.00
Emergency Management - 2011		5,000.00	5,000.00			
Drunk Driving Enforcement Grant:						
2010	7,304.41					7,304.41
2011		5,343.45				5,343.45
Body Armor Replacement Grant - 2011		3,417.34		\$ 3,417.34		
NJ Department of Law and Public Safety:						
Over the Limit Under Arrest:						
2011 Statewide Crackdown Grant		4,400.00	4,400.00			
2010 Year End Crackdown Grant	5,000.00		5,000.00			
NJ Department of Law and Public Safety:						
Cops In Shops - College Fall Initiative 2011		4,000.00	3,875.79			124.21
NJ Department of Community Affairs:						
Sharing Available Resources Efficiently (SHARE) Grant - Feasibility Study Public Works Service	5,040.00		5,040.00			
State of NJ Highlands Council:						
2009 Plan Conformance Grant	25,930.01		20,769.09			5,160.92

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

	<u>Balance Dec. 31, 2010</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Transferred From Unappropriated Reserves</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
State of NJ Highlands Council:						
2009 Initial Assessment Grant	\$ 4,287.61					\$ 4,287.61
Department of Environmental Protection:						
Green Acres Delaware Heights	170,416.51					170,416.51
Division of Parks & Forestry:						
ARRA - 2009 Business Stimulus Fund Grant	6,209.20					6,209.20
2010 Green Communities Grant	3,000.00		\$ 3,000.00			
AmeriCorps Heat Grant	71.00					71.00
Peron Sewer Allocation		\$ 100,000.00		\$ 100,000.00		
Norfolk Southern Grant		1,000.00	1,000.00			
ARRA - Energy Efficiency Block Grant		19,459.76	19,459.76			
	<u>\$ 2,256,756.68</u>	<u>\$ 955,124.54</u>	<u>\$ 1,834,685.02</u>	<u>\$ 126,904.34</u>	<u>\$ 141,181.95</u>	<u>\$ 1,109,109.91</u>
<u>Ref.</u>	A					A
Federal Grants			\$ 251,444.80			
State Grants			733,999.38			
Local Grants			849,240.84			
			<u>\$ 1,834,685.02</u>			

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</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	\$ 3,843.98	\$ 3,843.98	\$ 1,105.70	\$ 2,738.28
Other Expenses	7,490.97	7,490.97	2,416.72	5,074.25
Mayor and Council:				
Salaries and Wages	1,097.31	1,097.31	840.86	256.45
Other Expenses	1,163.96	1,163.96	2.53	1,161.43
Municipal Clerk:				
Salaries and Wages	8,927.24	8,927.24	5,829.50	3,097.74
Other Expenses	11,738.49	11,738.49	880.46	10,858.03
Financial Administration:				
Salaries and Wages	2,677.53	2,677.53	2,203.81	473.72
Other Expenses	4,351.43	4,351.43	492.86	3,858.57
Audit Services	13,650.00	13,650.00	8,704.00	4,946.00
Revenue Administration:				
Salaries and Wages	6,780.19	6,780.19	5,869.42	910.77
Other Expenses	3,433.94	3,433.94	1,269.73	2,164.21
Tax Assessment Administration:				
Salaries and Wages	1,608.14	1,608.14	1,607.88	0.26
Other Expenses	1,281.06	1,281.06	1,187.86	93.20
Legal Services:				
Other Expenses	40,888.05	40,888.05	40,740.46	147.59
Engineering Services:				
Other Expenses	22,935.00	22,935.00	12,300.00	10,635.00
LAND USE ADMINISTRATION:				
Planning Board:				
Other Expenses	2,000.00	2,000.00	744.00	1,256.00
Zoning Board:				
Other Expenses	1,500.00	1,500.00		1,500.00
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	89,638.84	89,638.84	53,237.38	36,401.46
Other Expenses	30,990.35	30,990.35	12,544.13	18,446.22
Emergency Management Services:				
Salaries and Wages	0.50	0.50	0.50	
Other Expenses	1,132.61	1,132.61	1,100.00	32.61
Fire Department:				
Salaries and Wages	0.78	0.78	0.78	
Other Expenses	33,961.88	33,961.88	25,307.15	8,654.73
Supplemental Fire Services Program	7,111.00	7,111.00	7,111.00	
Municipal Prosecutor:				
Salaries and Wages	0.92	0.92	0.92	

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	\$ 87,338.19	\$ 87,338.19	\$ 15,509.39	\$ 71,828.80
Other Expenses	92,854.58	92,854.58	66,911.22	25,943.36
Other Public Works Functions:				
Salaries and Wages	1,704.27	1,704.27		1,704.27
Other Expenses	1,175.65	1,175.65	234.59	941.06
PEOSHA	38.50	38.50		38.50
Solid Waste Collection:				
Salaries and Wages	56,195.12	56,195.12	15,930.85	40,264.27
Other Expenses	2,100.00	2,100.00		2,100.00
Buildings and Grounds:				
Salaries and Wages	39,793.31	39,793.31	9,559.54	30,233.77
Other Expenses	43,034.62	43,034.62	28,029.22	15,005.40
Vehicle Maintenance:				
Salaries and Wages	7,742.90	7,742.90	2,932.52	4,810.38
Other Expenses	28,435.63	28,435.63	27,101.04	1,334.59
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Other Expenses	2,080.12	2,080.12	2,079.72	0.40
Contributions to Social Services:				
Other Expenses	30,630.00	30,630.00	25,580.00	5,050.00
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	7,610.62	7,610.62	3,863.05	3,747.57
Other Expenses	4,436.57	4,436.57	1,181.76	3,254.81
Municipal Swimming Pool:				
Salaries and Wages	66.83	66.83		66.83
Other Expenses	5,439.32	5,439.32	3,047.70	2,391.62
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	39,925.19	39,925.19	16,595.43	23,329.76
Street Lighting	61,078.32	55,778.32	17,254.51	38,523.81
Telephone:				
Other Expenses	7,216.72	7,216.72	6,005.27	1,211.45
Water	25,860.84	31,160.84	31,109.85	50.99
Gas (Natural or Propane)	44,294.14	44,294.14	15,337.44	28,956.70
Gasoline	29,712.91	29,712.91	26,147.15	3,565.76
SOLID WASTE DISPOSAL COSTS:				
Waste Disposal:				
Other Expenses	35,481.40	35,481.40	200.00	35,281.40
Municipal Court:				
Salaries and Wages	2,129.35	2,129.35	2,129.35	

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011
(Continued)

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Court: (Cont'd)				
Other Expenses	\$ 2,552.99	\$ 2,552.99	\$ 2,415.19	\$ 137.80
INSURANCE:	0.04	0.04	0.04	
Liability Insurance	58,621.00	58,621.00	46,766.24	11,854.76
Workers Compensation Insurance	47,441.17	47,441.17		47,441.17
Employees Group Insurance	203,445.63	203,445.63	109,376.91	94,068.72
UNIFORM CONSTRUCTION CODE:				
Code Enforcement:				
Salaries and Wages	14,518.97	14,518.97	10,608.38	3,910.59
Other Expenses	4,268.54	4,268.54	2,530.34	1,738.20
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.I)	18,489.97	18,489.97	9,684.96	8,805.01
Unemployment Compensation Insurance	96.68	96.68	96.68	
Maintenance of Free Public Library	39,403.03	39,403.03	13,301.90	26,101.13
Recycling Tax (P.L.2007, C.311)	8,723.00	8,723.00	5,505.00	3,218.00
	<u>\$ 1,352,140.29</u>	<u>\$ 1,352,140.29</u>	<u>\$ 702,522.89</u>	<u>\$ 649,617.40</u>

Ref.

Analysis of Balance on December 31, 2010:

Unencumbered	A	\$ 1,139,343.07
Encumbered	A	<u>212,797.22</u>
		<u>\$ 1,352,140.29</u>

Cash Disbursed	\$ 684,752.50
Accounts Payable	<u>17,770.39</u>
	<u>\$ 702,522.89</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	A	\$ 649,475.00
Increased by:		
2011 School Tax Levy		<u>8,787,939.00</u>
		9,437,414.00
Decreased by:		
Payments to Local School District		<u>8,701,089.00</u>
Balance December 31, 2011	A	<u>\$ 736,325.00</u>

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

	Balance Dec. 31, 2010	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2011
Clean Communities Program:							
2010	\$ 3,089.18		\$ 2,997.23				\$ 91.95
2011		\$ 26,274.84	18,599.36	\$ 989.84			6,685.64
Drunk Driving Enforcement Fund:							
2008	923.96		923.96				
2009	4,160.03		2,751.59	142.00			1,266.44
2010	12,647.86						12,647.86
2011		5,343.45					5,343.45
Municipal Alliance Program:							
2008 - Local	10.94			6.01			4.93
2009 - Local	370.00			370.00			
2010 - State	51.15		51.71		\$ 0.56		
2010 - Local	0.24		(51.71)				51.95
2011 - State		11,968.00	7,663.67	4,304.33			
2011 - Local		2,940.00	1,238.25	1,360.52			341.23
Body Armor Replacement Grant:							
2008	3,067.34						3,067.34
2010	1,403.46						1,403.46
2011		3,417.34					3,417.34
FY04 Exercise Program Implementation Action Grant	2,278.20						2,278.20
N.J. Department of Labor and Workforce Development:							
N.J. Youth Corps - 2010 - ALWY11N	445,082.00	4,356.00	382,174.00			\$ 67,264.00	
N.J. Youth Corps - 2011 - ALWY12N		484,578.00	130,822.00				353,756.00
ARRA - N.J. Youth Corps - 2010 - Returning Veterans Program	26,784.00	28,020.00	54,804.00				
Municipal Stormwater Regulation Program:							
2006	4,251.25						4,251.25
Hepatitis B Fund	3,780.00		1,250.00	625.00			1,905.00
Preferred Real Estate Developers Legal Fees - 2005	1,719.47						1,719.47
Recycling Tonnage Grant:							
2004	571.04						571.04
2005	4,233.12						4,233.12
2006	8,432.33						8,432.33
2007	5,405.04		1,895.00				3,510.04
2008	15,577.81						15,577.81
2009	34,003.21						34,003.21
2011		23,487.00					23,487.00

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

	Balance Dec. 31, 2010	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2011
Municipal Alliance on Alcoholism and Drug Abuse - Board of Education:							
2008	\$ 1,870.00		\$ 1,798.50	\$ 71.50			
2009	2,500.00			431.40			\$ 2,068.60
Emergency Management:							
2009	5,000.00						5,000.00
2010	1,488.20		1,314.42				173.78
2011		\$ 5,000.00	896.93	1,377.58			2,725.49
Urban Enterprise Project:							
Tenant Incentive Package - 2004	180.26						180.26
Curbside Appeal Project - 2004	92.00						92.00
Neighborhood Revitalization Tax Credit Plan - 2004	1,810.10						1,810.10
Phillipsburg Railroad Museum Engineering Project - 2005	11,078.50						11,078.50
Railroad Museum Grant Administration Project - 2005	5,791.42						5,791.42
Rent Subsidy Incentive Program - 2006	22,950.00						22,950.00
Railroad Museum Administration Grant - Phase III - 2007	5,526.97						5,526.97
Marketing Phase V - 2007	1,313.78						1,313.78
TV Marketing & Promotions Project - 2007	1,405.00		500.00				905.00
Police Patrols - Phase VI - 2008	836.43						836.43
Shappell Park Phase III - 2008	1,179.71						1,179.71
Website Project - 2008	622.00						622.00
Trolley Bus Operation - Phase II - 2008	480.00						480.00
Co-op Marketing Grant Project - 2008	14,112.58						14,112.58
SFY 2010 Administrative Budget - 2009	38,324.59		(53.02)				38,377.61
Marketing Program Phase VII - 2009	1,576.96		1,490.16				86.80
Morris Canal Arch Architecture - 2009	20,444.20		19,590.50				853.70
LaBella Expansion - 2009	12,350.00		12,350.00				
Police Patrols - 2010	5,840.00		4,056.00				1,784.00
Marketing VIII - 2010	22,705.00		2,894.18				19,810.82
Tenant Incentive IV - 2010	10,000.00		1,505.67				8,494.33
Administration FY 2011 - 2010	3,133.01	22,960.15	23,376.90				2,716.26
Police Patrols VIII - 2011		25,600.00	18,688.00				6,912.00
Hazardous Discharge Site Remediation - 1998	15,178.47						15,178.47
DRJTBC Compact Authorized Investments Grant	37,256.42			532.83	\$ 134.23		36,857.82
Delaware River Joint Bridge Commission:							
Resurfacing Northampton Street Toll Supported Bridge	63,000.00						63,000.00

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

	Balance Dec. 31, 2010	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2011
Delaware River Joint Bridge Commission:							
Compact Authorized Investments - 2010	\$ 977,962.00		\$ 747,134.00	\$ 149,950.40			\$ 80,877.60
Reserve for Domestic Violence Grant	839.00						839.00
N.J. Transportation Trust Fund Authority Act:							
2009 - Municipal Aid Program	47,454.72					\$ 47,454.72	
2010 - Municipal Aid Program	24,552.23				\$ 1,911.00	26,463.23	
2011 - Municipal Aid Program		\$ 185,260.00					185,260.00
2009 - Morris Street	170,000.00		84,498.76	36,229.74			49,271.50
NJ Department of Law and Public Safety:							
Over the Limit Under Arrest:							
2010 Year End Crackdown Grant	3,001.08		3,001.08				
2011 Statewide Crackdown Grant		4,400.00	4,400.00				
Cops In Shops:							
2010	34.88						34.88
2011		4,000.00	3,863.03				136.97
Division of State Police:							
CERT Trailer Equipment & Supply	1,500.00		350.00				1,150.00
NJ Department of Community Affairs:							
Sharing Available Resources Efficiently (SHARE) Grant - Feasibility Study Public Works Service	5,040.00						5,040.00
State of NJ Highlands Council:							
2009 Plan Conformance Grant	25,930.01		20,769.09				5,160.92
2009 Initial Assessment Grant	3,295.41						3,295.41
NJ Department of Environmental Protection:							
Green Acres Delaware Heights	99,440.33						99,440.33
Division of Parks & Forestry:							
ARRA - 2009 Business Stimulus Fund Grant	3,209.20		350.00				2,859.20
2010 Green Communities Grant	3,000.00		3,000.00				
AmeriCorps Heat Grant	7,448.00		7,377.00				71.00
Peron Sewer Allocation		100,000.00	100,000.00				
Norfolk Southern Grant		1,000.00					1,000.00
ARRA - Energy Efficiency Block Grant		19,459.76	1,741.73	17,718.02			0.01
	<u>\$ 2,258,594.09</u>	<u>\$ 958,064.54</u>	<u>\$ 1,670,011.99</u>	<u>\$ 214,109.17</u>	<u>\$ 2,045.79</u>	<u>\$ 141,181.95</u>	<u>\$ 1,193,401.31</u>

Ref A

A

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

	<u>Balance Dec. 31, 2010</u>	<u>Transferred from Budget Appropriations</u>	<u>Expended</u>	<u>Encumbrances Payable</u>	<u>Prior Year Encumbrances Cancelled</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
Federal/State/Local Grants		\$ 955,124.54				\$ 141,181.95	
Local Matching Funds		2,940.00				-0-	
		<u>\$ 958,064.54</u>				<u>\$ 141,181.95</u>	
Federal Grants			\$ 152,658.60	\$ 53,947.76	\$ 1,911.00		
State Grants			667,234.35	7,438.75	0.56		
Local Grants			850,119.04	152,722.66	134.23		
			<u>\$ 1,670,011.99</u>	<u>\$ 214,109.17</u>	<u>\$ 2,045.79</u>		

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

	Balance Dec. 31, 2010	Grant Funds Received	Transferred to 2011 Budget Revenue	Balance Dec. 31, 2011
Body Armor Replacement Grant:	\$ 3,417.34	\$ 3,482.26	\$ 3,417.34	\$ 3,482.26
Recycling Tonnage Grant	23,487.00	29,353.46	23,487.00	29,353.46
Peron Sewer Allocation	100,000.00		100,000.00	
	<u>\$ 126,904.34</u>	<u>\$ 32,835.72</u>	<u>\$ 126,904.34</u>	<u>\$ 32,835.72</u>
<u>Ref.</u>	A			A
State Grants		<u>\$ 32,835.72</u>		

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
TRUST FUNDS

TOWN OF PHILLIPSBURG
TRUST FUNDS
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2010	B	\$ 12,059.56	\$ 1,181,193.33
Increased by Receipts:			
Dog License Fees		\$ 8,731.40	
Cat License Fees		2,935.50	
Dog/Cat License Late Fees		2,532.00	
Replacement Tags		2.50	
Interest Earned		33.54	
Due to Current Fund:			
Interfund Advanced - Clerk		33.90	
Interest Earned			\$ 196.77
Community Development Revolving Loan			
Program Receivable - Principal Repayments			97,908.86
Reserve for:			
Planning/Zoning Board Escrow			39,008.50
Public Defender :			
Receipts			3,028.00
Interest Earned			63.60
Parking Offense Adjudication Act			361.00
Bernards Township R.C.A. Program:			
Interest Earned			733.48
Rehabilitation Repayments			9,425.00
Police Outside Services			95,260.05
Accumulated Sick and Vacation			38,995.00
Federally Funded Housing Assistance (Section 8 Program):			
2011 Grant Funds			1,800,423.00
Community Development Revolving Loan Program:			
Interest on Deposits/Loans			16,605.97
Flex Spending Benefits Deposits			0.01
		14,268.84	2,102,009.24
		26,328.40	3,283,202.57

TOWN OF PHILLIPSBURG
TRUST FUNDS
SCHEDULE OF CASH
(Continued)

<u>Ref.</u>	<u>Animal Control</u> <u>Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:		
Administrative Expenses	\$ 22,335.44	
Due to Current Fund:		
Settlement of Prior Year Interfund	1,884.06	\$ 229.72
Reserve for:		
Public Defender		300.00
Planning/Zoning Board Escrow		107,686.93
Federally Funded Housing Assistance - Section 8 Program:		
Program Expenditures		1,828,727.84
Police Outside Services		102,151.52
Parking Offense Adjudication Act		1,535.78
Community Development Revolving Loan Program:		
Legal Fees		18,595.79
Loans Issued		20,000.00
Other Deposits		455.00
Bernards Township R.C.A. Expenditures		31,906.00
	<u>\$ 24,219.50</u>	<u>\$ 2,111,588.58</u>
 Balance December 31, 2011	 B <u>\$ 2,108.90</u>	 <u>\$ 1,171,613.99</u>

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
ANALYSIS OF ASSESSMENT TRUST FUND CASH
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 10,175.50
Increased by:		
Cash Received:		
Dog License Fees		\$ 8,731.40
Cat License Fees		2,935.50
Cat/Dog License Late Fees		2,532.00
Replacement Tags		2.50
Interest Earned		33.54
		14,234.94
		24,410.44
Decreased by:		
Expenditures Under R.S.4:19-15.11		22,335.44
Balance December 31, 2011	B	\$ 2,075.00

License Fees Collected

<u>Year</u>	<u>Amount</u>
2009	\$ 5,026.50
2010	7,412.00
	\$ 12,438.50
Maximum Allowable Reserve	

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 147,775.07
Increased by:		
Capital Improvement Fund:		
2011 Budget Appropriation		\$ 34,641.00
Bond Anticipation Notes Issued		1,407,928.00
Due to Current Fund:		
Interest Earned		387.13
Budget Appropriation:		
Payment of Bond Anticipation Notes		100,000.00
Deferred Charges to Future Taxation - Unfunded:		
Ord. #2006-32		35,839.99
Ord. #1999-05; 1999-16		476.50
		1,579,272.62
		1,727,047.69
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund		88.43
Prior Year Encumbrances		20,493.18
Improvement Authorization Expenditures		964,315.21
		984,896.82
Balance December 31, 2011	C	\$ 742,150.87

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

	Balance (Deficit) Dec. 31, 2010	Receipts			Disbursements			Balance (Deficit) Dec. 31, 2011	
		Miscellaneous	Bond	Budget	Miscellaneous	Improvement	Transfers		
			Anticipation Notes	Appropriation		Authorization Expenditures	From		To
Fund Balance	\$ 9,537.64							\$ 9,537.64	
Capital Improvement Fund	621.84			\$ 34,641.00			\$ 34,641.00	621.84	
Due To Current Fund	88.43	\$ 387.13			\$ 88.43			387.13	
Encumbrances Payable	32,979.33				20,493.18			272,185.50	
Reserve for Improvements	25,000.00						\$ 259,699.35	25,000.00	
Ord. No.	Improvement Description								
99-05;									
99-16	Various Capital Improvements	(476.50)		476.50					
02-04	Various Capital Improvements	4,248.05				\$ 1,094.00		3,154.05	
03-04	Various Capital Improvements	9,258.04						9,258.04	
04-08	Various Capital Improvements	14,478.64				8,975.55		5,503.09	
05-18	Various Capital Improvements	13,571.28				1,959.00		11,612.28	
06-20	Various Capital Improvements	184,484.61	\$ 200,049.00	100,000.00		177,051.66		307,481.95	
06-32	Various Local Improvements	(35,839.99)		35,839.99					
07-07	Various Capital Improvements	283,621.51				177,806.05		105,815.46	
08-12	Various Capital Improvements	91,837.75	237,500.00			329,218.00		119.75	
09-10	Various Capital Improvements	(305,742.82)	498,379.00			98,042.26	16,037.24	78,556.68	
10-10	Various Capital Improvements	(179,892.74)	472,000.00			157,275.51	18,000.00	116,831.75	
11-09	Various Capital Improvements					12,893.18	225,662.11	34,641.00	
		<u>\$ 147,775.07</u>	<u>\$ 387.13</u>	<u>\$ 1,407,928.00</u>	<u>\$ 170,957.49</u>	<u>\$ 20,581.61</u>	<u>\$ 964,315.21</u>	<u>\$ 294,340.35</u>	<u>\$ 294,340.35</u>
								<u>\$ 742,150.87</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Notes Paid by Budget Appropriation	Funded by Budget Appropriation	Balance Dec. 31, 2011	Analysis of Balance December 31, 2011		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
<u>General Improvements:</u>									
99-05;									
99-16	Various Capital Improvements	\$ 476.50			\$ 476.50				
02-04	Various Capital Improvements	223,000.00		\$ 90,000.00		\$ 133,000.00	\$ 133,000.00		
03-04	Various Capital Improvements	234,000.00		94,000.00		140,000.00	140,000.00		
04-08	Various Capital Improvements	544,000.00		118,000.00		426,000.00	426,000.00		
05-18	Various Capital Improvements	892,000.00		180,000.00		712,000.00	712,000.00		
06-20	Various Capital Improvements	1,724,549.00		130,000.00	100,000.00	1,494,549.00	1,494,549.00		
07-07	Various Capital Improvements	625,000.00		90,000.00		535,000.00	535,000.00		
08-12	Various Capital Improvements	723,870.00		75,370.00		648,500.00	648,500.00		
09-10	Various Capital Improvements	498,379.00				498,379.00	498,379.00		
10-10	Various Capital Improvements	472,000.00				472,000.00	472,000.00		
11-09	Various Capital Improvements		\$ 658,174.00			658,174.00		\$ 203,914.29	\$ 454,259.71
<u>Local Improvements</u>									
06-32	Various Local Improvements	4,630,000.00			\$ 35,839.99	4,594,160.01			4,594,160.01
		<u>\$ 10,567,274.50</u>	<u>\$ 658,174.00</u>	<u>\$ 777,370.00</u>	<u>\$ 136,316.49</u>	<u>\$ 10,311,762.01</u>	<u>\$ 5,059,428.00</u>	<u>\$ 203,914.29</u>	<u>\$ 5,048,419.72</u>
	<u>Ref.</u>	<u>C</u>				<u>C</u>			

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

\$ 5,686,752.77

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. #02-04	\$ 3,154.05
Ord. #03-04	9,258.04
Ord. #04-08	5,503.09
Ord. #05-18	11,612.28
Ord. #06-20	307,481.95
Ord. #07-07	105,815.46
Ord. #08-12	119.75
Ord. #09-10	78,556.68
Ord. #10-10	116,831.75

638,333.05\$ 5,048,419.72

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2010 Unfunded	2011 Authorization		Paid or Charged	Balance Dec. 31, 2011 Unfunded
					Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund		
<u>General Improvements:</u>								
02-04	Various Capital Improvements	04/16/02	\$ 915,000.00	\$ 4,248.05			\$ 1,094.00	\$ 3,154.05
03-04	Various Capital Improvements	04/01/03	967,385.00	9,258.04				9,258.04
04-08	Various Capital Improvements	04/20/04	967,800.00	14,478.64			8,975.55	5,503.09
05-18	Various Capital Improvements	05/03/05	1,288,320.00	13,571.28			1,959.00	11,612.28
06-20	Various Capital Improvements	05/26/06	2,283,842.00	484,533.61			177,051.66	307,481.95
07-07	Various Capital Improvements	05/01/07	795,800.00	283,621.51			177,806.05	105,815.46
08-12	Various Capital Improvements	05/06/08	814,600.00	329,337.75			329,218.00	119.75
09-10	Various Capital Improvements	05/19/09	524,610.00	192,636.18			114,079.50	78,556.68
10-10	Various Capital Improvements	08/03/10	497,000.00	292,107.26			175,275.51	116,831.75
11-09	Various Capital Improvements	05/17/11	692,815.00		\$ 658,174.00	\$ 34,641.00	238,555.29	454,259.71
<u>Local Improvements</u>								
06-32	Various Local Improvements	09/19/06	4,700,000.00	4,594,160.01				4,594,160.01
				<u>\$ 6,217,952.33</u>	<u>\$ 658,174.00</u>	<u>\$ 34,641.00</u>	<u>\$ 1,224,014.56</u>	<u>\$ 5,686,752.77</u>
		<u>Ref.</u>						<u>C</u>
						<u>Ref.</u>		
					Cash Disbursed		\$ 964,315.21	
					Encumbrances	<u>C</u>	259,699.35	
							<u>\$ 1,224,014.56</u>	

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 621.84
Increased by:		
2011 Budget Appropriation		<u>34,641.00</u>
		35,262.84
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>34,641.00</u>
Balance December 31, 2011	C	<u><u>\$ 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, 2010	Issued	Matured	Balance Dec. 31, 2011
			Issue	Maturity					
02-04	Various Capital Improvements	09/30/03	08/30/10	08/29/11	1.75%	\$ 223,000.00	\$ 133,000.00	\$ 223,000.00	\$ 133,000.00
			08/26/11	08/24/12	0.98%				
03-04	Various Capital Improvements	09/30/03	08/30/10	08/29/11	1.75%	234,000.00	140,000.00	234,000.00	140,000.00
			08/26/11	08/24/12	0.98%				
04-08	Various Capital Improvements	05/19/05	04/22/10	04/21/11	1.51%	544,000.00	426,000.00	544,000.00	426,000.00
			04/19/11	04/19/12	2.00%				
05-18	Various Capital Improvements	09/06/06	08/30/10	08/29/11	1.75%	892,000.00	712,000.00	892,000.00	712,000.00
			08/26/11	08/24/12	0.98%				
06-20	Various Capital Improvements	09/06/06	08/30/10	08/29/11	1.75%	1,424,500.00	1,294,500.00	1,424,500.00	1,294,500.00
			08/26/11	08/24/12	0.98%				
			04/19/11	04/19/12	2.00%				
07-07	Various Capital Improvements	05/01/08	04/22/10	04/21/11	1.51%	625,000.00	535,000.00	625,000.00	535,000.00
			04/19/11	04/19/12	2.00%				
08-12	Various Capital Improvements	04/28/09	04/22/10	04/21/11	1.51%	486,370.00	411,000.00	486,370.00	411,000.00
			04/19/11	04/19/12	2.00%				
			08/26/11	08/24/12	0.98%				
09-10	Various Capital Improvements	04/19/11	04/19/11	04/19/12	2.00%	355,879.00	142,500.00	355,879.00	142,500.00
			08/26/11	08/24/12	0.98%				

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2010	Issued	Matured	Balance Dec. 31, 2011
		Issue of Original Note	Issue	Maturity					
10-10	Various Capital Improvements	04/19/11	04/19/11	04/19/12	2.00%		\$ 472,000.00		\$ 472,000.00
						<u>\$ 4,428,870.00</u>	<u>\$ 5,059,428.00</u>	<u>\$ 4,428,870.00</u>	<u>\$ 5,059,428.00</u>
					<u>Ref.</u>				<u>C</u>
				New Issues			\$ 1,407,928.00		
				Renewals			3,651,500.00	\$ 3,651,500.00	
				Paid by Budget Appropriation				777,370.00	
							<u>\$ 5,059,428.00</u>	<u>\$ 4,428,870.00</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, 2010	Matured	Balance Dec. 31, 2011
			Outstanding Date	Dec. 31, 2011 Amount				
General Improvement	10/10/2001	\$ 6,408,000.00	8/15/2012	\$ 580,000.00	4.20%	\$ 2,373,000.00	\$ 550,000.00	\$ 1,823,000.00
			8/15/2013	605,000.00	4.375%			
			8/15/2014	638,000.00	4.40%			
						<u>\$ 2,373,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 1,823,000.00</u>
					<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, 2010	C	\$ 55,674.85	\$ 32,811.85
Decreased by:			
Loans Paid by Current Fund		<u>45,674.85</u>	<u>28,346.27</u>
Balance December 31, 2011	C	<u>\$ 10,000.00</u>	<u>\$ 4,465.58</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340874-01-02 -
TRUST LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 10,000.00
36	02/01/12	\$ 240.00	\$ 5,000.00	5,000.00
37	08/01/12	120.00		5,000.00
38	02/01/13	120.00	5,000.00	-0-
		<u>\$ 480.00</u>	<u>\$ 10,000.00</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340874-01-02 -
FUND LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 4,465.58
36	2/1/12	\$ 2,232.73	2,232.85
37	8/1/12	51.13	2,181.72
38	2/1/13	2,181.72	-0-
		<u>\$ 4,465.58</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	Matured	Balance Dec. 31, 2011
01-16	Improvements to Delaware Heights Park	\$ 200,600.71	\$ 11,591.45	\$ 189,009.26
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2011

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 189,009.26
1	1/11/12	\$ 1,890.09	\$ 5,882.80	183,126.46
2	7/11/12	1,831.26	5,941.65	177,184.81
3	1/11/13	1,771.85	6,001.05	171,183.76
4	7/11/13	1,711.84	6,061.06	165,122.70
5	1/11/14	1,651.23	6,121.67	159,001.03
6	7/11/14	1,590.01	6,182.89	152,818.14
7	1/11/15	1,528.18	6,244.72	146,573.42
8	7/11/15	1,465.73	6,307.16	140,266.26
9	1/11/16	1,402.66	6,370.24	133,896.02
10	7/11/16	1,338.96	6,433.94	127,462.08
11	1/11/17	1,274.62	6,498.28	120,963.80
12	7/11/17	1,209.64	6,563.26	114,400.54
13	1/11/18	1,144.01	6,628.89	107,771.65
14	7/11/18	1,077.72	6,695.18	101,076.47
15	1/11/19	1,010.76	6,762.14	94,314.33
16	7/11/19	943.14	6,829.75	87,484.58
17	1/11/20	874.85	6,898.05	80,586.53
18	7/11/20	805.87	6,967.04	73,619.49
19	1/11/21	736.19	7,036.70	66,582.79
20	7/11/21	665.83	7,107.07	59,475.72
21	1/11/22	594.76	7,178.14	52,297.58
22	7/11/22	522.98	7,249.93	45,047.65
23	1/11/23	450.48	7,322.42	37,725.23
24	7/11/23	377.25	7,395.65	30,329.58
25	1/11/24	303.30	7,469.60	22,859.98
26	7/11/24	228.60	7,544.30	15,315.68
27	1/11/25	153.16	7,619.74	7,695.94
28	7/11/25	76.96	7,695.94	-0-
		<u>\$ 28,631.93</u>	<u>\$ 189,009.26</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2010	2011 Authorization	Funded by Budget Appropriation	Notes Paid by Budget Appropriation	Bond Anticipation Notes Matured	Bond Anticipation Notes Issued	Balance Dec. 31, 2011
99-05; 99-16	Various Capital Improvements	\$ 476.50		\$ 476.50				
02-04	Various Capital Improvements				\$ 90,000.00	\$ 223,000.00	\$ 133,000.00	
03-04	Various Capital Improvements				94,000.00	234,000.00	140,000.00	
04-08	Various Capital Improvements				118,000.00	544,000.00	426,000.00	
05-18	Various Capital Improvements				180,000.00	892,000.00	712,000.00	
06-20	Various Capital Improvements	300,049.00		\$ 100,000.00	130,000.00	1,424,500.00	1,494,549.00	
06-32	Various Local Improvements	4,630,000.00		35,839.99				\$ 4,594,160.01
07-07	Various Capital Improvements				90,000.00	625,000.00	535,000.00	
08-12	Various Capital Improvements	237,500.00			75,370.00	486,370.00	648,500.00	
09-10	Various Capital Improvements	498,379.00					498,379.00	
10-10	Various Capital Improvements	472,000.00					472,000.00	
11-09	Various Capital Improvements		\$ 658,174.00					658,174.00
		<u>\$ 6,138,404.50</u>	<u>\$ 658,174.00</u>	<u>\$ 136,316.49</u>	<u>\$ 777,370.00</u>	<u>\$ 4,428,870.00</u>	<u>\$ 5,059,428.00</u>	<u>\$ 5,252,334.01</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

		<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	\$ 2,509,776.63	\$ 2,244,264.74
Increased by Receipts:			
Sewer Rents - Other Municipalities		\$ 2,473,073.98	
Nonbudget Revenue		266,704.27	
2011 Budget Appropriation:			
Capital Improvement Fund			\$ 80,000.00
Environmental Infrastructure Loan Receivable - Fund			202,506.00
Environmental Infrastructure Loan Receivable - Trust			926,067.00
Reserve for Sewer Improvements			5,500.00
Due to Sewer Utility Operating Fund:			
Interest Earned			951.85
Due from Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund		948.05	
		<u>2,740,726.30</u>	<u>1,215,024.85</u>
		5,250,502.93	3,459,289.59
Decreased by Disbursements:			
2011 Appropriation Expenditures		2,796,610.66	
2010 Appropriation Reserves		330,361.61	
Accrued Interest on Loans		88,554.67	
Prior Year Encumbrances			843,367.38
Improvement Authorization Expenditures			367,823.89
Due to Current Fund:			
Anticipated Revenue - 2011 Budget		300,000.00	
Due to Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund			948.05
		<u>3,515,526.94</u>	<u>1,212,139.32</u>
Balance December 31, 2011	E	<u>\$ 1,734,975.99</u>	<u>\$ 2,247,150.27</u>

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

	Balance (Deficit) Dec. 31, 2010	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2011
		Budget	Miscellaneous	Miscellaneous	Improvement	From	To	
		Appropriation			Authorizations			
Capital Improvement Fund	\$ 1,027,671.46	\$ 80,000.00				\$ 150,000.00		\$ 957,671.46
Due to/(from) Sewer Utility Operating Fund	948.05		\$ 951.85	\$ 948.05				951.85
NJ Environmental Infrastructure Loan Receivable: Trust	(1,413,588.82)		926,067.00					(487,521.82)
NJ Environmental Infrastructure Loan Receivable: Fund	(202,506.00)		202,506.00					
Encumbrances Payable	896,532.79			843,367.38		21,364.54	\$ 174,705.00	206,505.87
Reserve for Sewer Improvements	459,952.00		5,500.00					465,452.00
Reserve for Receivable	28,588.82							28,588.82
Fund Balance	184,340.09							184,340.09
Ord.								
No.	Improvement Authorizations							
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement Pump	20,579.96			\$ 10,350.00			10,229.96
02-12	Services Associated with New Sanitary Sewer Outfall in the Delaware River	56,678.34						56,678.34
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
04-26	Purchase of a Sutor Blower for the Wastewater Treatment Plant	1,302.00						1,302.00
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	44,824.01						44,824.01
05-26	General Improvements Including but not Limited to Phosphorous Study and Laboratory Services for Local Limit Analysis	494.00			494.00			
06-21	General Improvements to the Wastewater Treatment Plant and Associated Facilities	25,188.63			3,072.88	4,115.00		18,000.75
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	275,277.20						275,277.20
09-13	Improvements to Town Sewage Treatment Plant	791,993.96			353,907.01	41,990.00	21,364.54	417,461.49
10-02	Purchase of Backhoe	20,121.00						20,121.00
11-12	Purchase of Front End Loader					128,600.00	150,000.00	21,400.00
		\$ 2,244,264.74	\$ 80,000.00	\$ 1,135,024.85	\$ 844,315.43	\$ 367,823.89	\$ 346,069.54	\$ 2,247,150.27

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

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 3,402.88
Increased by:		
Consumer Accounts Receivable		\$ 1,624,015.20
Interest on Sewer Rents		23,899.90
Interest on Investments		4,161.33
Returned Check Fee		60.00
		<u>1,652,136.43</u>
Balance December 31, 2011	E	<u>\$ 1,655,539.31</u>

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

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 236,314.69
Increased by:		
Sewer Rents Levied		1,585,986.55
		<u>1,822,301.24</u>
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable	\$ 3,024.27	
Sewer Collector - Cash Received	<u>1,624,015.20</u>	
		<u>1,627,039.47</u>
Balance December 31, 2011	E	<u>\$ 195,261.77</u>

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 2,697.44
Increased by:		
Transfer from Consumer Accounts Receivable	\$ 3,024.27	
Interest and Costs Accrued at Tax Sale	<u>56.07</u>	
		<u>3,080.34</u>
		5,777.78
Decreased by:		
Due from Current Fund:		
Sewer Lien Redemption		<u>2,368.65</u>
Balance December 31, 2011	E	<u>\$ 3,409.13</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2010	Additions By Ordinance	Balance Dec. 31, 2011
Sewer Treatment Plant	\$ 26,285,386.85		\$ 26,285,386.85
Various Capital Improvements	113,359.91	\$ 74,100.00	187,459.91
General Equipment	426,102.19		426,102.19
	\$ 26,824,848.95	\$ 74,100.00	\$ 26,898,948.95
<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, 2010	2011 Authorization	Costs to Fixed Capital	Balance Dec. 31, 2011
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
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
04-26	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 Local Limit Analysis	74,100.00		\$ 74,100.00	
06-21	05/02/06	General Improvements to the Wastewater Treatment Plant and Associated Facilities	300,000.00			300,000.00
07-12	07/17/07	General Improvements to the Wastewater Treatment Plant and Associated Facilities	394,550.00			394,550.00
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	5,815,250.00			5,815,250.00
10-02	03/16/10	Purchase of Backhoe	100,000.00			100,000.00
11-12	06/21/11	Purchase of Front End Loader		\$ 150,000.00		150,000.00
			<u>\$ 7,466,500.00</u>	<u>\$ 150,000.00</u>	<u>\$ 74,100.00</u>	<u>\$ 7,542,400.00</u>
		<u>Ref.</u>	E			E

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2010 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</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	\$ 14,477.50	\$ 14,477.50	\$ 10,601.10	\$ 3,876.40
Other Expenses	637,284.74	637,284.74	318,420.93	318,863.81
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	3,636.85	3,636.85	1,212.76	2,424.09
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	3,174.10	3,174.10	126.82	3,047.28
	<u>\$ 658,573.19</u>	<u>\$ 658,573.19</u>	<u>\$ 330,361.61</u>	<u>\$ 328,211.58</u>
		<u>Ref.</u>		
<u>Analysis of Balance December 31, 2010</u>				
Unencumbered	E \$ 351,074.79			
Encumbered	E <u>307,498.40</u>			
				<u>\$ 658,573.19</u>

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2010		2011 Authorization Capital Improvement Fund	Paid or Charged	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2011	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement Pump	06/05/01	\$ 96,000.00	\$ 20,579.96			\$ 10,350.00		\$ 10,229.96	
02-12	Services Associated With New Sanitary Sewer Outfall in Delaware River	08/06/02	71,100.00	56,678.34					56,678.34	
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	
04-26	Purchase of a Sutor Blower for the Wastewater Treatment Plant	10/05/04	30,000.00	1,302.00					1,302.00	
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/03/05	525,000.00	44,824.01					44,824.01	
05-26	General Improvements Including but not Limited at Phosphorous Study and Laboratory Services for Local Limit Analysis	06/28/05	74,100.00	494.00			494.00			
06-21	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/02/06	300,000.00	25,188.63			7,187.88		18,000.75	
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	394,550.00	275,277.20					275,277.20	
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	5,815,250.00	791,993.96	\$ 187,590.00		395,897.01	\$ 21,364.54	417,461.49	\$ 187,590.00
10-02	Purchase of Backhoe	03/16/10	100,000.00	20,121.00					20,121.00	
11-12	Purchase of Front End Loader	06/21/11	150,000.00			\$ 150,000.00	128,600.00		21,400.00	
				<u>\$ 1,262,326.35</u>	<u>\$ 187,590.00</u>	<u>\$ 150,000.00</u>	<u>\$ 542,528.89</u>	<u>\$ 21,364.54</u>	<u>\$ 891,162.00</u>	<u>\$ 187,590.00</u>
<u>Ref.</u>				E	E				E	E
						<u>Ref.</u>				
							Cash Disbursed		\$ 367,823.89	
							Encumbrances	E	<u>174,705.00</u>	
									<u>\$ 542,528.89</u>	

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

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 1,027,671.46
Increased by:		
2011 Budget Appropriation		80,000.00
		<u>1,107,671.46</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		150,000.00
		<u>150,000.00</u>
Balance December 31, 2011	E	<u>\$ 957,671.46</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 26,737,293.72
Increased by:		
NJ Wastewater Treatment Loans Paid by		
Operating Budget	\$	88,097.72
NJ Environmental Infrastructure Trust Loans Paid by		
Operating Budget		121,909.49
Transferred from Deferred Reserve for Amortization		74,100.00
		<u>284,107.21</u>
Balance December 31, 2011	E	<u>\$ 27,021,400.93</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2010	2011 Authorization	Transferred to Reserve for Amortization	Balance Dec. 31, 2011
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
03-01	Additional Services for Wastewater Management Plan	01/21/03	15,500.00			15,500.00
04-10	Replacement of SBR Blower and PS-1 Pump A at the Wastewater Treatment Plant	04/06/04	45,000.00			45,000.00
04-26	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	
06-21	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/02/06	300,000.00			300,000.00
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	394,550.00			394,550.00
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	2,828,440.00			2,828,440.00
10-02	Purchase of Backhoe	03/16/10	100,000.00			100,000.00
11-12	Purchase of Front End Loader	06/21/11	_____	\$ 150,000.00	_____	150,000.00
			<u>\$ 4,479,690.00</u>	<u>\$ 150,000.00</u>	<u>\$ 74,100.00</u>	<u>\$ 4,555,590.00</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, 2010	E	\$ 104,708.55	\$ 30,786.34
Decreased by:			
Loans Paid by Operating Budget		70,016.61	18,081.11
Balance December 31, 2011	E	<u>\$ 34,691.94</u>	<u>\$ 12,705.23</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340580-03-02
TRUST LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 20,000.00
36	2/1/12	\$ 480.00	\$ 10,000.00	10,000.00
37	8/1/12	240.00		10,000.00
38	2/1/13	240.00	10,000.00	-0-
		<u>\$ 960.00</u>	<u>\$ 20,000.00</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1998D LOAN
TRUST LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 14,691.94
29	04/01/12	\$ 3,059.82	\$ 14,691.94	-0-
		<u>\$ 3,059.82</u>	<u>\$ 14,691.94</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340580-03-02
FUND LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 12,705.23
36	2/1/12	\$ 6,352.63	6,352.60
37	8/1/12	145.48	6,207.12
38	2/1/13	6,207.12	-0-
		<u>\$ 12,705.23</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2010	E	\$ 1,385,000.00	\$ 1,366,280.34
Decreased by:			
Loans Paid by Operating Budget		<u>50,000.00</u>	<u>71,909.49</u>
Balance December 31, 2010	E	<u>\$ 1,335,000.00</u>	<u>\$ 1,294,370.85</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340874-04
TRUST LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,335,000.00
4	2/1/12	\$ 28,450.00		1,335,000.00
5	8/1/12	28,450.00	\$ 50,000.00	1,285,000.00
6	2/1/13	27,200.00		1,285,000.00
7	8/1/13	27,200.00	50,000.00	1,235,000.00
8	2/1/14	25,950.00		1,235,000.00
9	8/1/14	25,950.00	55,000.00	1,180,000.00
10	2/1/15	24,575.00		1,180,000.00
11	8/1/15	24,575.00	55,000.00	1,125,000.00
12	2/1/16	23,200.00		1,125,000.00
13	8/1/16	23,200.00	60,000.00	1,065,000.00
14	2/1/17	21,700.00		1,065,000.00
15	8/1/17	21,700.00	65,000.00	1,000,000.00
16	2/1/18	20,075.00		1,000,000.00
17	8/1/18	20,075.00	65,000.00	935,000.00
18	2/1/19	18,450.00		935,000.00
19	8/1/19	18,450.00	70,000.00	865,000.00
20	2/1/20	17,050.00		865,000.00
21	8/1/20	17,050.00	70,000.00	795,000.00
22	2/1/21	15,300.00		795,000.00
23	8/1/21	15,300.00	75,000.00	720,000.00
24	2/1/22	14,175.00		720,000.00
25	8/1/22	14,175.00	80,000.00	640,000.00
26	2/1/23	12,575.00		640,000.00
27	8/1/23	12,575.00	80,000.00	560,000.00
28	2/1/24	10,975.00		560,000.00
29	8/1/24	10,975.00	85,000.00	475,000.00
30	2/1/25	9,275.00		475,000.00
31	8/1/25	9,275.00	90,000.00	385,000.00
32	2/1/26	7,475.00		385,000.00
33	8/1/26	7,475.00	90,000.00	295,000.00
34	2/1/27	5,900.00		295,000.00
35	8/1/27	5,900.00	95,000.00	200,000.00
36	2/1/28	4,000.00		200,000.00
37	8/1/28	4,000.00	100,000.00	100,000.00
38	2/1/29	2,000.00		100,000.00
39	8/1/29	2,000.00	100,000.00	-0-
		<u>\$ 576,650.00</u>	<u>\$ 1,335,000.00</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010 LOAN #S340874-04
FUND LOAN OUTSTANDING DECEMBER 31, 2011

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 1,294,370.85
4	2/1/12	\$ 23,969.83	1,270,401.02
5	8/1/12	47,939.66	1,222,461.36
6	2/1/13	23,969.83	1,198,491.53
7	8/1/13	47,939.66	1,150,551.87
8	2/1/14	23,969.83	1,126,582.04
9	8/1/14	47,939.66	1,078,642.38
10	2/1/15	23,969.83	1,054,672.55
11	8/1/15	47,939.66	1,006,732.89
12	2/1/16	23,969.83	982,763.06
13	8/1/16	47,939.66	934,823.40
14	2/1/17	23,969.83	910,853.57
15	8/1/17	47,939.66	862,913.91
16	2/1/18	23,969.83	838,944.08
17	8/1/18	47,939.66	791,004.42
18	2/1/19	23,969.83	767,034.59
19	8/1/19	47,939.66	719,094.93
20	2/1/20	23,969.83	695,125.10
21	8/1/20	47,939.66	647,185.44
22	2/1/21	23,969.83	623,215.61
23	8/1/21	47,939.66	575,275.95
24	2/1/22	23,969.83	551,306.12
25	8/1/22	47,939.66	503,366.46
26	2/1/23	23,969.83	479,396.63
27	8/1/23	47,939.66	431,456.97
28	2/1/24	23,969.83	407,487.14
29	8/1/24	47,939.66	359,547.48
30	2/1/25	23,969.83	335,577.65
31	8/1/25	47,939.66	287,637.99
32	2/1/26	23,969.83	263,668.16
33	8/1/26	47,939.66	215,728.50
34	2/1/27	23,969.83	191,758.67
35	8/1/27	47,939.66	143,819.01
36	2/1/28	23,969.83	119,849.18
37	8/1/28	47,939.66	71,909.52
38	2/1/29	23,969.83	47,939.69
39	8/1/29	47,939.69	-0-
		<u>\$ 1,294,370.85</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2011

NOT APPLICABLE

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

<u>Ord.</u> <u>No.</u>	<u>Ord.</u> <u>Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	\$ 187,590.00	\$ 187,590.00
			<u>\$ 187,590.00</u>	<u>\$ 187,590.00</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2011
BOND AND INTEREST FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
PART II – SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2011

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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)	66.458	ARRA Clean Water State Revolving Fund: NJEIT Fund Loan	\$ 1,414,220.00	12/17/09	12/17/11	\$ 202,506.00		\$ 1,414,220.00
Total Environmental Protection Agency			1,414,220.00			202,506.00		1,414,220.00
<u>U.S. Department of Agriculture:</u> (Passed Thru NJ Division of Parks & Forestry)	10.688	American Recovery and Reinvestment Act: Business Stimulus Fund Grant	7,000.00	04/01/10	09/30/11		\$ 350.00	4,140.80
Total Department of Agriculture			7,000.00				350.00	4,140.80
<u>U.S. Department of Housing and Urban Development</u>	14.871	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	1,800,423.00	01/01/11	12/31/11	1,800,423.00	1,800,423.00	1,800,423.00
			1,877,250.00	01/01/10	12/31/11		28,304.84	1,829,408.87
Total Department of Housing and Urban Development			3,677,673.00			1,800,423.00	1,828,727.84	3,629,831.87
<u>U.S. Department of Transportation</u> (Passed thru State of NJ Department of Transportation)	20.205	Transportation Trust Fund Authority Act: Municipal Aid State #480-078-6320-TCAP-6010 Morris Street	197,308.00	01/01/09	12/31/10	47,381.53		149,853.28
			185,292.00	01/01/10	12/31/10	50,902.22		158,828.77
			170,000.00	01/01/09	12/31/11	81,619.50	120,728.50	120,728.50
			552,600.00			179,903.25	120,728.50	429,410.55
	20.605	Over the Limit Under Arrest: Statewide Crackdown Grant Year End Crackdown Grant	4,400.00	01/01/11	12/31/11	4,400.00	4,400.00	4,400.00
			5,000.00	01/01/10	12/31/11	5,000.00	3,001.08	5,000.00
			9,400.00			9,400.00	7,401.08	9,400.00
	20.601	Cops-in-Shops Grant	4,000.00	01/01/11	12/31/11	3,875.79	3,863.03	3,863.03
Total Department of Transportation			566,000.00			193,179.04	131,992.61	442,673.58

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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.S. Department of Labor								
(Passed thru State of NJ Department of Labor and Workforce Development)	17.258	ARRA - Workforce Investment Act - Adult N.J. Youth Corps - 2010 - Returning Veterans Program State #100-062-4545-095-6140	\$ 66,720.00	11/01/09	06/30/11	\$ 38,806.00	\$ 54,804.00	\$ 66,720.00
Total Department of Labor			66,720.00			38,806.00	54,804.00	66,720.00
U.S. Department of Energy								
(Pass Through New Jersey Board of Public Utilities)	81.128	ARRA - Energy Efficiency Block Program	19,459.76	11/01/10	08/01/12	19,459.76	19,459.75	19,459.75
Total Department of Energy			19,459.76			19,459.76	19,459.75	19,459.75
Total Federal Awards			\$ 5,751,072.76			\$ 2,254,373.80	\$ 2,035,334.20	\$ 5,577,046.00

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

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:							
	Tenant Incentive Package	763-020-2830-037-5825	\$ 115,000.00	06/01/04	05/31/10			\$ 114,819.74
	Neighborhood Revitalization Tax Credit Plan	763-020-2830-037-5825	29,368.00	11/10/04	11/30/10	\$ 20,000.00		27,557.90
	Rent Subsidy Incentive Program	763-020-2830-037-5825	50,000.00	01/01/06	12/31/10	8,450.00		27,050.00
	Railroad Museum Administration - Phase III	763-020-2830-037-5825	24,450.00	01/10/07	01/31/10			18,923.03
	TV Marketing & Promotions Project	763-020-2830-037-5825	30,000.00	11/14/07	11/30/10	500.00	\$ 500.00	29,095.00
	Police Patrols - Phase VI	763-020-2830-037-5825	16,442.00	09/10/08	09/30/10			15,605.57
	Website Project	763-020-2830-037-5825	5,000.00	02/13/08	02/28/13			4,378.00
	Trolley Bus Operation - Pase II	763-020-2830-037-5825	10,000.00	01/01/08	12/31/10			9,520.00
	Co-op Marketing Grant Project	763-020-2830-037-5825	36,400.00	01/01/08	12/31/10	1,894.53		22,287.42
	Tenant Incentive Project - Phase III	763-020-2830-037-5825	75,000.00	02/11/09	02/28/11	14,733.00		75,000.00
	SFY 2010 Administrative Budget	763-020-2830-037-5825	75,000.00	07/01/09	06/30/10		(53.02)	36,622.39
	Marketing Program Phase VII	763-020-2830-037-5825	95,425.00	04/08/09	04/30/11	1,629.43	1,490.16	95,338.20
	Morris Canal Arch Architecture	763-020-2830-037-5825	35,900.00	04/08/09	04/30/11	19,590.50	19,590.50	35,046.30
	LaBella Expansion	763-020-2830-037-5825	25,000.00	08/12/09	08/31/11	12,350.00	12,350.00	25,000.00
	Police Patrols VII	763-020-2830-037-5825	25,600.00	03/01/10	02/28/11	7,280.00	4,056.00	23,816.00
	Marketing VIII	763-020-2830-037-5825	25,000.00	04/14/10	04/30/12	2,894.18	2,894.18	5,189.18
	Tenant Incentive IV	763-020-2830-037-5825	10,000.00	05/01/10	05/31/12	1,505.67	1,505.67	1,505.67
	FY 2011 Administrative Budget	763-020-2830-037-5825	32,960.15	07/01/10	06/30/11	30,243.89	23,376.90	30,243.89
	Police Patrols VIII	763-020-2830-037-5825	25,600.00	02/01/11	01/31/12	18,688.00	18,688.00	18,688.00
Total Department of Commerce and Economic Growth			742,145.15			139,759.20	84,398.39	615,686.29
<u>Department of Law and Public Safety</u>								
	Drunk Driving Enforcement Fund		4,701.13	01/01/08	12/31/11		923.96	4,701.13
			7,304.41	01/01/09	12/31/11		2,893.59	6,037.97
			12,005.54				3,817.55	10,739.10
	Body Armor Replacement Grant		3,482.26	01/01/11	12/31/12	3,482.26		
	Office of Emergency Management - Emergency Management Grant		5,000.00	01/01/10	12/31/11		1,314.42	4,826.22
			5,000.00	01/01/11	12/31/11	5,000.00	2,274.51	2,274.51
			10,000.00			5,000.00	3,588.93	7,100.73

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

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>	Division of State Police - CERT Trailer Equipment & Supply	100-066-1200-994-2340	\$ 1,500.00	01/01/10	12/31/11		\$ 350.00	\$ 350.00
Total Department of Law and Public Safety			26,987.80			\$ 8,482.26	7,756.48	18,189.83
<u>Highlands Council</u>	Initial Assessment Grant	N/A	15,000.00	01/01/09	12/31/10			11,704.59
	Plan Conformance Grant	N/A	50,000.00	01/01/09	12/31/11	20,769.09	20,769.09	44,839.08
Total Highlands Council			65,000.00			20,769.09	20,769.09	56,543.67
<u>Department of Labor and Workforce Development</u>	N.J. Youth Corps - 2010 - ALWY11N	100-062-4545-095-6140	615,138.00	07/01/10	06/30/11	292,731.00	382,174.00	547,874.00
	N.J. Youth Corps - 2011 - ALWY12N	100-062-4545-095-6140	484,578.00	07/01/11	06/30/12	230,198.00	130,822.00	130,822.00
			1,099,716.00			522,929.00	512,996.00	678,696.00
	Americorps Heat Grant	N/A	7,448.00	01/01/10	12/31/11		7,377.00	7,377.00
Total Department of Labor and Workforce Development			1,107,164.00			522,929.00	520,373.00	686,073.00
<u>Department of Environmental Protection</u>	NJ Environmental Infrastructure Trust Loan	S340874-04	1,414,220.00	12/17/09	12/17/11	926,067.00	743,881.00	926,067.00
	Clean Communities Grant	765-042-4900- 004-6020	28,010.91	01/01/10	12/31/11		2,997.23	27,918.96
			26,274.84	01/01/11	12/31/11	26,274.84	19,589.20	19,589.20
			54,285.75			26,274.84	22,586.43	47,508.16
	Recycling Grant	752-042-4900- 001-6020	7,280.46	01/01/07	12/31/11		1,895.00	3,770.42
			29,353.46	01/01/11	12/31/12	29,353.46		
			36,633.92			29,353.46	1,895.00	3,770.42
	Green Communities Grant	100-042-4870-074	3,000.00	04/01/10	04/01/12	3,000.00	3,000.00	3,000.00
Total Department of Environmental Protection			1,508,139.67			984,695.30	771,362.43	980,345.58

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

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 Treasury</u>								
Passed through the County of Warren	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	100-082-2000- 044-995120	\$ 11,968.00	01/01/10	12/31/11	\$ 4,697.08	\$ 51.71	\$ 11,968.00
			11,968.00	01/01/11	12/31/11	6,530.17	11,968.00	11,968.00
Total Department of Treasury			<u>23,936.00</u>			<u>11,227.25</u>	<u>12,019.71</u>	<u>23,936.00</u>
<u>Department of Community Affairs</u>								
	Sharing Available Resources Efficiently (SHARE) Grant - Feasibility Study Public Works Service	N/A	5,040.00	01/01/08	12/31/08	5,040.00		
Total Department of Community Affairs			<u>5,040.00</u>			<u>5,040.00</u>		
<u>Department of Health and Senior Services</u>								
	Hepatitis B Fund	N/A	3,780.00	01/01/99	12/31/11		1,875.00	1,875.00
			<u>3,780.00</u>				<u>1,875.00</u>	<u>1,875.00</u>
	Total State Awards		<u>\$ 3,482,192.62</u>			<u>\$ 1,692,902.10</u>	<u>\$ 1,418,554.10</u>	<u>\$ 2,382,649.37</u>

N/A - Not Available

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011

A. GENERAL

The accompanying Schedules of Expenditures 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 awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

B. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual 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 AWARDS

The threshold for distinguishing federal and 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 federal 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, 2011, the Town has \$10,000.00 and \$4,465.58 of NJ Wastewater Treatment Trust and Fund Loans Payable outstanding which are recorded in the General Capital Fund. The Town also has \$34,691.94 and \$12,705.23 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 EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2011
(Continued)

G. GREEN ACRES LOANS PAYABLE

At December 31, 2011, the Town has a \$189,009.26 Green Acres Loan Payable outstanding which is recorded in the General Capital Fund.

Currently, the Town is in the process of repaying this loan balance. There were no loan receipts or expenditures in the current year. The project which relates to the loan is complete.

H. NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2011, the Town has \$1,335,000.00 and \$1,294,370.85 of NJ Environmental Infrastructure 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. At December 31, 2011, the Town has received and expended \$2,340,287 of the \$2,799,220 Loan funds for the completion of the improvements to the sewage treatment plant partially funded with the Loan funds. The project which relates to the loans is scheduled to be completed in 2012.



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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, 2011 and 2010 and have issued our report thereon dated April 10, 2012, 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 Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

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

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

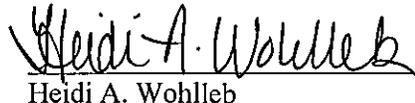
Compliance and Other Matters

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 reported to management in the comments and recommendations section of this report.

This report is intended solely for the information and use of management, the Mayor and Members of the Town Council, others within the Town and to meet the requirements for filing with the Division of Local Government Services, and 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.

Mount Arlington, New Jersey
April 10, 2012

NISIVOCCIA LLP



Heidi A. Wohlleb

Registered Municipal Accountant No. 481
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011. 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 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 could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

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 report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

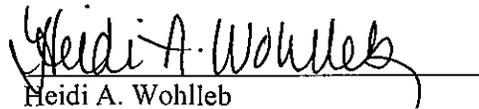
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

This report is intended solely for the information and use of the Mayor, the Members of the Town Council, 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.

Mount Arlington, New Jersey
April 10, 2012

NISIVOCCIA 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

TOWN OF PHILLIPSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Town's financial statements for 2011 prepared on an other comprehensive basis of accounting.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Town.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the Town.
- The audit did not disclose any material weaknesses or significant deficiencies 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 for the year ended December 31, 2011 consisted of the following awards:

	CFDA No./ State Account No.	Budgetary Expenditures
<u>Federal:</u>		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.871	\$ 1,828,727.84
<u>State:</u>		
NJ Environmental Infrastructure Trust Loan Program	S340874-04	743,881.00

- 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 federal 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 or Federal OMB Circular A-133.

TOWN OF PHILLIPSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

There were no prior year findings.

TOWN OF PHILLIPSBURG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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 January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

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. None 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.

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.

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens/Sewer Liens

The last tax sale was held on November 19, 2011, 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>
2011	31
2010	26
2009	26

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 2012 Taxes	20
Payments of 2011 Taxes	20
Payments of Sewer Utility Charges	10
Delinquent Taxes	20
Delinquent Sewer Utility Charges	10
Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2011 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State of New Jersey	\$ 21,432.73	\$ 229,334.80	\$ 237,703.34	\$ 13,064.19
County	14,175.50	152,118.83	153,011.83	13,282.50
Municipality	35,922.97	437,234.42	439,137.13	34,020.26
Municipality - POAA	20.00	359.00	361.00	18.00
Conditional Discharge	35.00	1,368.00	1,345.00	58.00
Public Defender	75.00	3,178.00	3,028.00	225.00
Weights and Measures		10,200.00	10,200.00	
Restitution	300.00	702.00	1,002.00	
	<u>\$ 71,961.20</u>	<u>\$ 834,495.05</u>	<u>\$ 845,788.30</u>	<u>\$ 60,667.95</u>

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Community Development Block Grant Revolving Loan Program

During our review of the Community Development Block Grant Revolving Loan Program receivable analysis, it was noted that there are a number of borrowers who are delinquent in paying back their loan balances. The Town has made a significant effort in pursuing collection of these delinquent balances and is in the process of reviewing uncollectible delinquent balances for cancellation. Additionally, the Town has taken steps to address the reconciling of the Community Development Block Grant bank statement activity with the receivable analysis prepared by the bank with the activity per the monthly bank statements. Therefore, a formal recommendation is not judged to be warranted.

Management Suggestions

The older Current Fund appropriated grant reserves and the Other Trust Fund grant reserves for Small Cities and the Neighborhood Preservation Program be reviewed for cancellation.

The older Sewer Utility Capital Fund Improvement Authorization balances be reviewed for cancellation.

The older Current Fund reserve balances be reviewed for cancellation.

Corrective Action Plan

The recommendations from the 2010 audit have been resolved.

TOWN OF PHILLIPSBURG
SUMMARY OF RECOMMENDATIONS

NONE
