

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

REPORT OF AUDIT

2012

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
REPORT OF AUDIT
2012

TOWN OF PHILLIPSBURG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012

<u>Part I – Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet	A
Comparative Statement of Operations and Change in Fund Balance	A-1
Statement of Revenue	A-2
Statement of Expenditures	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet	B
Statement of Fund Balance - Assessment Trust Fund (Not Applicable)	B-1
Statement of Revenue - Assessment Trust Fund (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet	C
Statement of Fund Balance	C-1
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund</u>	
Comparative Balance Sheet	E
Comparative Statement of Operations and Change in Fund Balance – Sewer Utility Operating Fund	E-1
Statement of Fund Balance - Sewer Utility Capital Fund	E-1a
Statement of Revenue - Sewer Utility Operating Fund	E-2
Statement of Expenditures - Sewer Utility Operating Fund	E-3
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet	F
<u>Notes to Financial Statements</u>	<u>Page</u>
	1-19
<u>Supplementary Data</u>	<u>Schedule</u>
Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash - Treasurer	A-4
Schedule of Cash - Collector	A-5
Schedule of Cash - Clerk	A-5a
Schedule of Cash - Federal and State Grant Fund (Not Applicable)	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens Receivable	A-8
Schedule of Municipal Lien Charges Receivable	A-8a
Schedule of Municipal Charges Receivable	A-8b
Schedule of Revenue Accounts Receivable	A-9
Schedule of Federal and State Grants Receivable - Federal and State Grant Fund	A-10
Schedule of 2011 Appropriation Reserves	A-11
Schedule of Local School District Taxes Payable	A-12
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-13
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-14

TOWN OF PHILLIPSBURG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

<u>Part I – Financial Statements and Supplementary Data (Continued)</u>	<u>Schedule</u>
<u>Supplementary Data (Continued)</u>	
<u>Trust Funds</u>	
Schedule of Cash	B-4
Analysis of Assessment Trust Fund Cash - Assessment Trust Fund (Not Applicable)	B-5
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-6
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of General Capital Fund Cash	C-3
Schedule of Deferred Charges to Future Taxation - Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable	C-8
Schedule of NJ Wastewater Treatment Loans Payable	C-9
Schedule of Green Acres Loan Payable	C-9a
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund</u>	
Schedule of Cash - Treasurer	E-4
Analysis of Sewer Utility Capital Cash - Sewer Utility Capital Fund	E-5
Schedule of Cash - Sewer Collector - Sewer Utility Operating Fund	E-6
Schedule of Consumer Accounts Receivable - Sewer Utility Operating Fund	E-7
Schedule of Sewer Liens Receivable - Sewer Utility Operating Fund	E-8
Schedule of Fixed Capital - Sewer Utility Capital Fund	E-9
Schedule of Fixed Capital Authorized and Uncompleted - Sewer Utility Capital Fund	E-10
Schedule of 2011 Appropriation Reserves - Sewer Utility Operating Fund	E-11
Schedule of Improvement Authorizations - Sewer Utility Capital Fund	E-12
Schedule of Capital Improvement Fund - Sewer Utility Capital Fund	E-13
Schedule of Reserve for Amortization - Sewer Utility Capital Fund	E-14
Schedule of Deferred Reserve for Amortization - Sewer Utility Capital Fund	E-15
Schedule of NJ Wastewater Treatment Loans Payable - Sewer Utility Capital Fund	E-16
Schedule of NJ Environmental Infrastructure Loans Payable - Sewer Utility Capital Fund	E-16a
Schedule of Serial Bonds Payable - Sewer Utility Capital Fund (Not Applicable)	E-17
Schedule of Bonds and Notes Authorized but not Issued - Sewer Utility Capital Fund	E-18
 <u>Part II – Single Audit</u>	 <u>Page</u>
Schedule of Expenditures of Federal Awards	1-2
Schedule of Expenditures of State Awards	3-4
Notes to Schedules of Expenditures of Federal and State Awards	5-6
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	7-8
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 OMB's Circular 04-04	9-10
Schedule of Findings and Questioned Costs	11-12
Summary Schedule of Prior Audit Findings	13

TOWN OF PHILLIPSBURG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Page</u>
<u>Part III</u> – Comments and Recommendations	
Comments and Recommendations	14-17
Summary of Recommendations	18

TOWN OF PHILLIPSBURG
PART I
FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2012



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

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, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which 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 as described in Note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* 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, 2012 and 2011, or the changes in financial position where applicable, thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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 as of December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

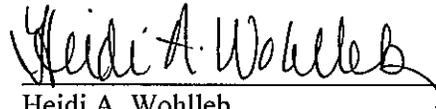
The Honorable Mayor and Members
of the Town Council
Town of Phillipsburg
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
April 29, 2013

NISIVOCCIA LLP



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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,573,914.69	\$ 2,666,769.35
Cash - Collector	A-5	572,998.16	2,145,845.98
Cash - Clerk	A-5a	4,270.00	10,089.65
Change Funds		1,050.00	1,050.00
		<u>5,152,232.85</u>	<u>4,823,754.98</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	1,045,805.36	1,239,023.64
Tax Title Liens Receivable	A-8	314,044.71	272,408.17
Property Acquired for Taxes at Assessed Valuation		1,080,900.00	1,080,900.00
Municipal Lien Charges Receivable	A-8a	45,573.35	45,135.35
Municipal Charges Receivable	A-8b	4,755.26	13,939.17
Revenue Accounts Receivable	A-9	21,587.81	34,020.26
Due from:			
Federal and State Grant Fund	A	14,775.30	
Animal Control Fund	B		33.90
Other Trust Funds	B	164.47	196.77
General Capital Fund	C		387.13
Claims Account		219.18	85.86
Payroll Accounts		54.25	38.79
Total Receivables and Other Assets With Full Reserves	A	<u>2,527,879.69</u>	<u>2,686,169.04</u>
Deferred Charges:			
Special Emergency Authorization			<u>90,000.00</u>
Total Regular Fund		<u>7,680,112.54</u>	<u>7,599,924.02</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	1,154,150.56	1,109,109.91
Due from Current Fund	A		351,114.67
		<u>1,154,150.56</u>	<u>1,460,224.58</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,834,263.10</u>	<u>\$ 9,060,148.60</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3:A-11	\$ 1,118,651.90	\$ 595,989.74
Encumbered	A-3:A-11	156,971.54	228,000.88
Total Appropriation Reserves		<u>1,275,623.44</u>	<u>823,990.62</u>
Other Encumbrances Payable:			
Reserve for Library		7,378.34	342.29
Reserve for Boiler Room		7,594.84	
Accounts Payable - Vendors		7,594.48	17,934.34
Prepaid Taxes		135,731.28	124,048.75
Tax Overpayments		586.51	69.24
County Taxes Payable		5,544.36	1,758.32
Local School Taxes Payable	A-12	825,826.00	736,325.00
Due to:			
Federal and State Grant Fund	A		351,114.67
Animal Control Fund	B	59.70	
General Capital Fund	C	23,929.37	
Sewer Utility Operating Fund	E		2,368.65
State of New Jersey:			
Senior Citizen and Veteran Deductions		52,262.39	51,615.81
Marriage License Fees		1,000.00	450.00
Burial Permit Fees		5.00	5.00
Dog License Fees		1.80	2.40
Reserve for:			
Library		328,334.04	320,530.83
Sale of Municipal Assets		27,173.90	21,648.90
Tax Sale Premiums		239,500.00	231,700.00
Redemption of Outside Liens		7,543.08	3,773.73
Revaluation		34,599.52	36,699.52
Tax Appeals		349,629.67	350,000.00
		<u>3,329,917.72</u>	<u>3,074,378.07</u>
Reserve for Receivables and Other Assets	A	2,527,879.69	2,686,169.04
Fund Balance	A-1	1,822,315.13	1,839,376.91
Total Regular Fund		<u><u>7,680,112.54</u></u>	<u><u>7,599,924.02</u></u>
Federal and State Grant Fund:			
Appropriated Reserves	A-13	1,016,728.61	1,193,401.31
Unappropriated Reserves	A-14	27,827.88	32,835.72
Reserve for Encumbrances		94,818.77	233,987.55
Due to Current Fund	A	14,775.30	
Total Federal and State Grant Fund		<u>1,154,150.56</u>	<u>1,460,224.58</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u><u>\$ 8,834,263.10</u></u>	<u><u>\$ 9,060,148.60</u></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,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 940,500.00	\$ 800,000.00
Miscellaneous Revenue Anticipated		4,567,289.83	4,613,067.47
Receipts from:			
Delinquent Taxes		1,004,707.54	1,170,108.55
Current Taxes		24,684,811.50	24,442,669.25
Nonbudget Revenue		302,906.53	223,618.68
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		338,491.20	649,617.40
Cancellation of Federal and State Grant Fund			
Appropriated Reserves		139,002.27	141,181.95
Cancellation of Reserve for 2005 Federal Emergency			
Management Agency Flooding Reimbursement			8,937.54
Interfunds and Other Receivables Returned		742.45	2,325.78
Total Income		<u>31,978,451.32</u>	<u>32,051,526.62</u>
<u>Expenditures</u>			
Budget Appropriations		15,751,203.00	15,401,839.90
County Taxes		6,175,665.68	6,236,599.74
County Share of Added and Omitted Taxes		5,544.36	1,758.32
Local School District Taxes		8,961,844.00	8,787,939.00
Refund of Prior Year Taxes			2,431.63
Refund of Prior Year Revenue		1,048.59	
Prior Year Senior Citizens' Deductions Disallowed		5,500.00	3,250.00
Cancellation of Federal and State Grant Fund Receivables		138,994.27	141,181.95
Interfunds and Other Receivables Advanced		15,213.20	742.45
Reserve for Tax Appeals			350,000.00
Total Expenditures		<u>31,055,013.10</u>	<u>30,925,742.99</u>
Excess in Revenue		923,438.22	1,125,783.63
<u>Fund Balance</u>			
Balance January 1		<u>1,839,376.91</u>	<u>1,513,593.28</u>
		2,762,815.13	2,639,376.91
Decreased by:			
Utilized as Anticipated Revenue		<u>940,500.00</u>	<u>800,000.00</u>
Balance December 31	A	<u>\$ 1,822,315.13</u>	<u>\$ 1,839,376.91</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, 2012

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 940,500.00		\$ 940,500.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	37,000.00		32,930.00	\$ 4,070.00 *
Other	10,000.00		10,503.00	503.00
Fees and Permits	85,000.00		81,165.83	3,834.17 *
Fines and Costs:				
Municipal Court	428,000.00		354,956.05	73,043.95 *
Interest and Costs on Taxes	271,000.00		221,310.54	49,689.46 *
Interest on Investments and Deposits	28,000.00		32,962.62	4,962.62
Payment in Lieu of Taxes - Federal Housing Project	95,000.00		128,644.00	33,644.00
Payment in Lieu of Taxes - Sewage Treatment	83,500.00		83,500.00	
Consolidated Municipal Property Tax Relief Aid	510,329.00		510,329.00	
Energy Receipts Tax	1,495,072.00		1,495,072.00	
Uniform Construction Code Fees	183,700.00		209,209.00	25,509.00
N.J. Transportation Trust Fund Authority Act	234,000.00		234,000.00	
Recycling Tonnage Grant	29,353.46		29,353.46	
Clean Communities Program	26,352.57		26,352.57	
Municipal Alliance on Alcoholism and Drug Abuse - State	11,968.00		11,968.00	
ARRA - N.J. Youth Corps - 2012 - BLWY12N	38,333.00		38,333.00	
N.J. Youth Corps - 2012 - ALWY13N		\$ 497,893.00	497,893.00	
Emergency Management Grant - 2012		5,000.00	5,000.00	
State of NJ Highlands Council:				
2009 Plan Conformance Grant		167,800.00	167,800.00	
Body Armor Replacement Grant	3,482.26		3,482.26	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
St. Luke's Church Donation - Pool	\$ 10,000.00		\$ 10,000.00	
NJ Department of Law and Public Safety:				
Drive Sober or Get Pulled Over		\$ 4,400.00	4,400.00	
Utility Operating Surplus of Prior Year	300,000.00		300,000.00	
Pool Receipts and Passes	14,000.00		18,125.50	\$ 4,125.50
Rental of Town Facilities - Former Armory and Town Garage	60,000.00		60,000.00	
Total Miscellaneous Revenue	<u>3,954,090.29</u>	<u>675,093.00</u>	<u>4,567,289.83</u>	<u>61,893.46 *</u>
Receipts from Delinquent Taxes	961,000.00		1,004,707.54	43,707.54
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,605,112.76		10,923,865.52	318,752.76
Minimum Library Tax	<u>329,891.94</u>		<u>329,891.94</u>	
Budget Totals	16,790,594.99	675,093.00	17,766,254.83	300,566.84
Nonbudget Revenue			<u>302,906.53</u>	<u>302,906.53</u>
	<u>\$ 16,790,594.99</u>	<u>\$ 675,093.00</u>	<u>\$ 18,069,161.36</u>	<u>\$ 603,473.37</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Allocation of Current Tax Collections

Collections		\$ 24,684,811.50
Allocated to:		
County Taxes	\$ 6,175,665.68	
Due to County for Added and Omitted Taxes	5,544.36	
School Taxes	<u>8,961,844.00</u>	
		<u>15,143,054.04</u>
		9,541,757.46
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,712,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 11,253,757.46</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	\$ 990,832.70	
Tax Title Liens Redeemed	<u>13,874.84</u>	
		<u><u>\$ 1,004,707.54</u></u>
<u>Interest on Investments and Deposits:</u>		
Cash Received - Treasurer	\$ 22,985.62	
Cash Received - Collector	9,444.47	
Cash Received - Clerk	35.21	
Due from Other Trust Funds	164.47	
Due from General Capital Fund	209.42	
Due from Payroll Accounts	54.25	
Due from Claims Account	<u>69.18</u>	
		<u><u>\$ 32,962.62</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Cable TV Franchise Fee	\$	47,884.00	
Other Miscellaneous Receipts		44,638.52	
Recycling Revenue		10,803.60	
Tax Lien Discharge Fees		1,100.00	
Library Fees		825.00	
Administrative Fee - Senior Citizens and Veterans Deductions		3,425.76	
Returned Check Fees		240.00	
Alpha - Police Coverage		96,250.00	
Restitution		2,560.70	
Workers' Compensation and Other Insurance Refunds		11,856.85	
Pavilion Rental Fees		1,175.00	
Public Works Billings Reimbursements		3,190.84	
Parking Authority Receipts		7,994.89	
FEMA Reimbursements		51,804.91	
		51,804.91	\$ 283,750.07

Clerk - Other Miscellaneous 134.70

Collector:

Municipal Charges Receivable Collections		18,506.20	
Municipal Charges Liens Redemption		515.56	
		515.56	19,021.76
			\$ 302,906.53

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, 2012

	<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":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 38,041.78	\$ 41,241.78	\$ 34,475.49	\$ 6,766.29	
Other Expenses	37,250.00	37,250.00	35,146.76	2,103.24	
Human Resources:					
Other Expenses	12,000.00	12,000.00	10,735.81	1,264.19	
Mayor and Council:					
Salaries and Wages	49,580.76	49,580.76	49,580.44	0.32	
Other Expenses	10,975.00	10,975.00	2,736.77	8,238.23	
Municipal Clerk:					
Salaries and Wages	142,000.25	110,800.25	105,211.65	5,588.60	
Other Expenses	20,300.00	22,300.00	19,788.77	2,511.23	
Financial Administration:					
Salaries and Wages	63,364.45	97,364.45	85,804.76	11,559.69	
Other Expenses	10,350.00	10,350.00	9,085.91	1,264.09	
Audit Services	42,125.00	42,125.00	30,950.00	11,175.00	
Revenue Administration:					
Salaries and Wages	112,767.81	78,767.81	72,172.89	6,594.92	
Other Expenses	12,795.00	12,795.00	10,728.97	2,066.03	
Tax Assessment Administration:					
Salaries and Wages	86,088.04	86,088.04	84,328.64	1,759.40	
Other Expenses	15,727.00	15,727.00	12,951.38	2,775.62	
Legal Services:					
Other Expenses	213,500.00	213,500.00	135,605.50	77,894.50	
Engineering Services:					
Other Expenses	60,000.00	60,000.00	47,203.10	12,796.90	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(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	\$ 2,000.00	\$ 437.50	\$ 1,562.50	
Zoning Board:					
Other Expenses	1,500.00	1,500.00		1,500.00	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	3,811,263.14	3,811,263.14	3,405,586.16	405,676.98	
Other Expenses	178,465.40	178,465.40	112,992.39	65,473.01	
Safe and Clean Program - Salaries and Wages	177,313.45	177,313.45	177,313.45		
Supplemental Safe Neighborhood Program:					
Salaries and Wages	53,657.00	53,657.00	53,657.00		
Emergency Management Services:					
Salaries and Wages	6,398.00	6,398.00	6,398.00		
Other Expenses	1,200.00	1,200.00	1,200.00		
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	9,799.00	9,799.00	7,998.64	1,800.36	
Other Expenses	55,300.00	55,300.00	55,271.00	29.00	
Supplemental Fire Services Program	7,000.00	7,000.00	6,556.39	443.61	
Municipal Prosecutor:					
Salaries and Wages	32,525.00	32,525.00	32,524.96	0.04	
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	418,647.25	418,647.25	403,654.05	14,993.20	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS (Continued):					
Streets and Roads Maintenance (Continued):					
Other Expenses	\$ 120,300.00	\$ 120,300.00	\$ 118,498.26	\$ 1,801.74	
Other Public Works Functions:					
Salaries and Wages	30,443.25	30,443.25	29,521.74	921.51	
Other Expenses	8,450.00	8,450.00	7,293.97	1,156.03	
PEOSHA	4,300.00	4,300.00	3,421.94	878.06	
Solid Waste Collections:					
Salaries and Wages	405,346.92	405,346.92	380,819.53	24,527.39	
Other Expenses	9,000.00	9,000.00	5,800.00	3,200.00	
Buildings and Grounds:					
Salaries and Wages	330,939.22	330,939.22	260,190.90	70,748.32	
Other Expenses	88,620.00	88,620.00	88,140.54	479.46	
Vehicle Maintenance:					
Salaries and Wages	65,439.92	65,439.92	62,702.43	2,737.49	
Other Expenses	133,580.00	133,580.00	124,550.47	9,029.53	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	12,000.00	12,000.00	12,000.00		
Other Expenses	15,978.00	15,978.00	15,883.22	94.78	
Contributions to Social Services:					
Other Expenses	55,500.00	55,500.00	51,392.63	4,107.37	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	116,281.78	116,281.78	112,333.20	3,948.58	
Other Expenses	44,500.00	44,500.00	36,378.72	8,121.28	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PARKS AND RECREATION FUNCTIONS (Continued):					
Municipal Swimming Pool:					
Salaries and Wages	\$ 57,000.00	\$ 57,000.00	\$ 52,461.77	\$ 4,538.23	
Other Expenses	30,000.00	30,000.00	18,691.18	11,308.82	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	150,000.00	150,000.00	127,673.44	22,326.56	
Street Lighting	180,000.00	190,000.00	175,469.60	14,530.40	
Telephone:					
Other Expenses	65,000.00	65,000.00	64,978.90	21.10	
Water	133,000.00	133,000.00	111,695.53	21,304.47	
Gas (Natural or Propane)	30,000.00	30,000.00	19,963.62	10,036.38	
Gasoline	222,000.00	248,000.00	203,497.29	44,502.71	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Waste Disposal:					
Other Expenses	490,000.00	490,000.00	490,000.00		
Municipal Court:					
Salaries and Wages	271,046.24	271,046.24	260,083.77	10,962.47	
Other Expenses	17,980.00	17,980.00	17,958.74	21.26	
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	7,997.00	7,997.00	7,689.50	307.50	
INSURANCE:					
Liability Insurance	297,545.00	287,545.00	277,099.00	10,446.00	
Workers Compensation Insurance	189,000.00	189,000.00	189,000.00		
Employee Group Insurance	1,290,254.25	1,290,254.25	1,168,710.56	121,543.69	
Health Benefit Waivers	25,000.00	25,000.00		25,000.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNIFORM CONSTRUCTION CODE:					
Code Enforcement:					
Salaries and Wages	\$ 315,328.43	\$ 315,328.43	\$ 314,632.92	\$ 695.51	
Other Expenses	20,700.00	20,700.00	11,775.58	8,924.42	
Total Operations Within "CAPS"	10,937,463.34	10,937,463.34	9,869,698.33	1,067,765.01	
Detail:					
Salaries and Wages	6,613,268.69	6,585,268.69	6,011,141.89	574,126.80	
Other Expenses	4,324,194.65	4,352,194.65	3,858,556.44	493,638.21	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	362,752.00	362,752.00	362,752.00		
Social Security System (O.A.S.I.)	260,000.00	260,000.00	250,810.81	9,189.19	
Consolidated Police and Firemen's Pension Fund	9,656.56	9,656.56	9,656.56		
Police and Firemen's Retirement System of NJ	763,314.00	763,314.00	763,314.00		
Unemployment Compensation Insurance	24,500.00	24,500.00	22,295.34	2,204.66	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,420,222.56	1,420,222.56	1,408,828.71	11,393.85	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,357,685.90	12,357,685.90	11,278,527.04	1,079,158.86	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	\$ 500,000.00	\$ 500,000.00	\$ 487,016.96	\$ 12,983.04	
Recycling Tax (P.L.2007, C.311)	26,000.00	26,000.00	15,783.00	10,217.00	
Employee Group Insurance	16,293.00	16,293.00	16,293.00		
Public and Private Program Offset by Revenue:					
Reserve for Recycling Tonnage Grant	29,353.46	29,353.46	29,353.46		
Clean Communities Program	26,352.57	26,352.57	26,352.57		
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		
ARRA - N.J. Youth Corps - 2012 - BLWY12N	38,333.00	38,333.00	38,333.00		
N.J. Youth Corps - 2012 - ALWY13N (N.J.S.A. 40A:4-87 + \$497,893.00)		497,893.00	497,893.00		
Emergency Management Grant (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Body Armor Replacement Grant	3,482.26	3,482.26	3,482.26		
St. Luke's Church Donation - Pool	10,000.00	10,000.00	10,000.00		
State of NJ Highlands Council - 2009 Plan Conformance Grant (N.J.S.A. 40A:4-87 + \$167,800.00)		167,800.00	167,800.00		
NJ Department of Law and Public Safety: Drive Sober or Get Pulled Over (N.J.S.A. 40A:4-87 + \$4,400.00)		4,400.00	4,400.00		
Total Operations Excluded from "CAPS"	664,722.29	1,339,815.29	1,316,615.25	23,200.04	
Detail:					
Other Expenses	664,722.29	1,339,815.29	1,316,615.25	23,200.04	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 34,641.00	\$ 34,641.00	\$ 34,641.00		
New Jersey Transportation Trust Fund Authority Act	234,000.00	234,000.00	234,000.00		
Total Capital Improvements Excluded from "CAPS"	268,641.00	268,641.00	268,641.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	580,000.00	580,000.00	580,000.00		
Payment of Bond Anticipation Notes	939,000.00	939,000.00	939,000.00		
Interest on Bonds	79,200.00	79,200.00	78,897.74		\$ 302.26
Interest on Notes	74,100.00	74,100.00	73,917.76		182.24
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	15,545.80	15,545.80	15,545.79		0.01
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	9,700.00	9,700.00	7,699.52		2,000.48
Total Municipal Debt Service Excluded from "CAPS"	1,697,545.80	1,697,545.80	1,695,060.81		2,484.99
Deferred Charges:					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	90,000.00	90,000.00	90,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	90,000.00	90,000.00	90,000.00		
Total General Appropriations Excluded from "CAPS"	2,720,909.09	3,396,002.09	3,354,024.06	\$ 39,493.04	2,484.99
Subtotal General Appropriations	15,078,594.99	15,753,687.99	14,632,551.10	1,118,651.90	2,484.99

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Reserve for Uncollected Taxes	\$ 1,712,000.00	\$ 1,712,000.00	\$ 1,712,000.00		
Total General Appropriations	<u>\$ 16,790,594.99</u>	<u>\$ 17,465,687.99</u>	<u>\$ 16,344,551.10</u>	<u>\$ 1,118,651.90</u>	<u>\$ 2,484.99</u>

Ref.

A

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 16,790,594.99	
Added by:			
N.J.S.A. 40A:4-87		675,093.00	
		\$ 17,465,687.99	
Cash Disbursed			\$ 13,483,297.74
Reserve for Uncollected Taxes			1,712,000.00
Encumbrances	A		156,971.54
Deferred Charges - Special Emergency Authorization			90,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			1,028,582.29
Local Matching Funds			2,940.00
			16,473,791.57
Less: Appropriation Refunds			129,240.47
			\$ 16,344,551.10

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
TRUST FUNDS

TOWN OF PHILLIPSBURG
TRUST FUNDS
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	December 31,	
		2012	2011
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 13,434.92	\$ 2,108.90
Due from Current Fund	A	59.70	
		<u>13,494.62</u>	<u>2,108.90</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	853,359.71	1,171,613.99
Community Development Revolving Loan Program Receivable		541,193.26	762,415.89
		<u>1,394,552.97</u>	<u>1,934,029.88</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,408,047.59</u>	<u>\$ 1,936,138.78</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A		\$ 33.90
Reserve for Animal Control Expenditures	B-6	3,494.62	2,075.00
Reserve for Donation for Dog Park		10,000.00	
		<u>13,494.62</u>	<u>2,108.90</u>
Other Trust Funds:			
Due to Current Fund	A	164.47	196.77
Reserve for:			
Federally Funded Housing Assistance Program (Section 8)		216,044.94	328,209.62
Planning Board/Zoning Board Escrow		195,513.37	409,863.64
Community Development Revolving Loan Program		805,051.64	973,293.19
Parking Offense Adjudication Act		1,905.56	4,516.56
Bernards Township R.C.A. Program		107,002.41	135,494.34
Accumulated Sick and Vacation		21,156.77	38,995.00
Police Outside Services		10,864.26	9,955.08
Other Deposits		250.00	
Small Cities Block Grants		10,609.75	10,609.75
Neighborhood Preservation Grant		8,442.24	8,442.24
Public Defender Fees		16,127.26	14,453.68
Flex Spending Benefits		1,420.30	0.01
		<u>1,394,552.97</u>	<u>1,934,029.88</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,408,047.59</u>	<u>\$ 1,936,138.78</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, 2012

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, 2012

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 467,245.09	\$ 742,150.87
Due from Current Fund	A	23,929.37	
Prospective Assessments Funded by Taxation		105,839.99	105,839.99
Deferred Charges to Future Taxation:			
Funded		1,427,366.54	2,026,474.84
Unfunded	C-4	9,937,887.01	10,311,762.01
<u>TOTAL ASSETS</u>		<u>\$ 11,962,268.00</u>	<u>\$ 13,186,227.71</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 1,243,000.00	\$ 1,823,000.00
NJ Wastewater Treatment Loans Payable:			
Trust	C-9	5,000.00	10,000.00
Fund	C-9	2,181.72	4,465.58
Green Acres Loan Payable	C-9a	177,184.82	189,009.26
Bond Anticipation Notes Payable	C-7	4,778,602.00	5,059,428.00
Improvement Authorizations:			
Unfunded	C-5	5,265,293.13	5,686,752.77
Due to Current Fund	A		387.13
Capital Improvement Fund	C-6	621.84	621.84
Reserve for:			
Encumbrances		316,642.09	272,185.50
Improvements		25,000.00	25,000.00
Purchase of Fire Vehicle		6,656.00	
Boiler Room		19,280.16	
Prospective Assessments Funded by Taxation		105,839.99	105,839.99
Fund Balance	C-1	16,966.25	9,537.64
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,962,268.00</u>	<u>\$ 13,186,227.71</u>

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

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 9,537.64
Increased by:		
Premium on Sale of Notes		<u>7,428.61</u>
Balance December 31, 2012	C	<u>\$ 16,966.25</u>

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 2,223,417.76	\$ 1,734,975.99
Cash - Collector	E-6	49,468.82	1,655,539.31
Change Fund		500.00	500.00
		<u>2,273,386.58</u>	<u>3,391,015.30</u>
Due from Current Fund	A		2,368.65
Due from Sewer Utility Capital Fund	E		951.85
		<u>2,273,386.58</u>	<u>3,394,335.80</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-7	194,481.77	195,261.77
Sewer Liens Receivable	E-8	3,073.28	3,409.13
Total Receivables with Full Reserves	E	<u>197,555.05</u>	<u>198,670.90</u>
Total Operating Fund		<u>2,470,941.63</u>	<u>3,593,006.70</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	3,685,879.72	2,247,150.27
Due from Sewer Utility Operating Fund	E	15,583.58	
NJ Environmental Infrastructure Trust Loan Receivable:			
Trust		465,532.51	487,521.82
Fixed Capital	E-9	27,198,948.95	26,898,948.95
Fixed Capital Authorized and Uncompleted	E-10	9,042,400.00	7,542,400.00
Total Capital Fund		<u>40,408,344.76</u>	<u>37,176,021.04</u>
<u>TOTAL ASSETS</u>		<u>\$ 42,879,286.39</u>	<u>\$ 40,769,027.74</u>

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

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 282,962.27	\$ 114,601.47
Encumbered	E-3;E-11	32,751.64	358,187.08
Total Appropriation Reserves		<u>315,713.91</u>	<u>472,788.55</u>
Accounts Payable - Vendors		40,167.00	
Accrued Interest on Loans Payable		22,866.67	25,638.24
Due to Sewer Utility Capital Fund	E	15,583.58	
		<u>394,331.16</u>	<u>498,426.79</u>
Reserve for Receivables	E	197,555.05	198,670.90
Fund Balance	E-1	1,879,055.42	2,895,909.01
Total Operating Fund		<u>2,470,941.63</u>	<u>3,593,006.70</u>
Capital Fund:			
New Jersey Wastewater Treatment Loans Payable:			
Trust	E-16	10,000.00	34,691.94
Fund	E-16	6,207.12	12,705.23
NJ Environmental Infrastructure Trust Loan Payable:			
Trust	E-16a	1,285,000.00	1,335,000.00
Fund	E-16a	1,222,461.36	1,294,370.85
Due to NJ Department of Environmental Protection		302,957.69	
Improvement Authorizations:			
Funded	E-12	2,559,379.72	891,162.00
Unfunded	E-12	187,590.00	187,590.00
Due to Sewer Utility Operating Fund	E		951.85
Capital Improvement Fund	E-13	957,671.46	957,671.46
Reserve for:			
Encumbrances		111,462.11	206,505.87
Amortization	E-14	27,474,500.47	27,021,400.93
Deferred Amortization	E-15	6,055,590.00	4,555,590.00
Receivable		28,588.82	28,588.82
Sewer Improvements		5,452.00	465,452.00
Variable Frequency Drive Replacement/Rewire		17,143.92	
Fund Balance	E-1a	184,340.09	184,340.09
Total Capital Fund		<u>40,408,344.76</u>	<u>37,176,021.04</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 42,879,286.39</u>	<u>\$ 40,769,027.74</u>

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

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

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,040,000.00	
Rents		3,608,661.33	\$ 4,097,089.18
Reserve for Sewer Improvements		460,000.00	
Nonbudget Revenue		73,671.28	298,146.00
Other Credits to Income:			
Appropriation Reserves Lapsed		136,504.16	328,211.58
Total Income		<u>5,318,836.77</u>	<u>4,723,446.76</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		2,937,386.25	2,950,392.00
Capital Improvements		1,800,000.00	80,000.00
Debt Service		229,304.11	296,379.66
Deferred Charges and Statutory Expenditures		29,000.00	29,000.00
Total Expenditures		<u>4,995,690.36</u>	<u>3,355,771.66</u>
Excess in Revenue		323,146.41	1,367,675.10
<u>Fund Balance</u>			
Balance January 1		2,895,909.01	1,828,233.91
		<u>3,219,055.42</u>	<u>3,195,909.01</u>
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>\$ 1,879,055.42</u>	<u>\$ 2,895,909.01</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, 2011	E	<u>\$ 184,340.09</u>
Balance December 31, 2012	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, 2012

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 1,040,000.00	\$ 1,040,000.00	
Rents	3,502,386.25	3,608,661.33	\$ 106,275.08
Reserve for Sewer Improvements	460,000.00	460,000.00	
	<u>5,002,386.25</u>	<u>5,108,661.33</u>	<u>106,275.08</u>
Nonbudget Revenue		<u>73,671.28</u>	<u>73,671.28</u>
	<u>\$ 5,002,386.25</u>	<u>\$ 5,182,332.61</u>	<u>\$ 179,946.36</u>
 <u>Analysis of Rents:</u>			
Other Municipalities	\$ 2,031,350.41		
Consumer Accounts Receivable	<u>1,577,310.92</u>		
		<u>\$ 3,608,661.33</u>	
 <u>Analysis of Nonbudget Revenue</u>			
Collector:			
Interest on Investments	\$ 1,600.16		
Interest on Sewer Rents	14,381.36		
Returned Check Fees	<u>60.00</u>		
		\$ 16,041.52	
Treasurer:			
Sewer Lien Redemption	3,936.32		
Interest on Investments	25,393.10		
Returned Check Fees	220.00		
Hook-up Fees	<u>26,520.00</u>		
		56,069.42	
Due from Sewer Utility Capital Fund:			
Interest on Investments		<u>1,560.34</u>	
		<u>\$ 73,671.28</u>	

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, 2012

	<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	\$ 312,010.47	\$ 317,010.47	\$ 311,596.79	\$ 5,413.68	
Other Expenses	2,625,375.78	2,620,375.78	2,348,022.88	272,352.90	
Capital Improvements:					
Capital Improvement Fund	1,800,000.00	1,800,000.00	1,800,000.00		
Debt Service:					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	236,000.00	236,000.00	229,304.11		\$ 6,695.89
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	25,000.00	25,000.00	22,739.85	2,260.15	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	4,000.00	4,000.00	1,064.46	2,935.54	
	<u>\$ 5,002,386.25</u>	<u>\$ 5,002,386.25</u>	<u>\$ 4,712,728.09</u>	<u>\$ 282,962.27</u>	<u>\$ 6,695.89</u>
				E	
Cash Disbursed			\$ 4,603,771.88		
Accrued Interest on Wastewater Treatment Loans			76,204.57		
Encumbrances Payable		E	32,751.64		
			<u>\$ 4,712,728.09</u>		

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
BOND AND INTEREST FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF PHILLIPSBURG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	December 31,	
	2012	2011
Land	\$ 19,518,650.00	\$ 10,553,100.00
Buildings	15,091,600.00	14,863,200.00
Equipment	8,638,824.62	8,490,006.00
Construction in Progress	5,190,716.31	5,168,727.00
<u>TOTAL ASSETS</u>	<u>\$ 48,439,790.93</u>	<u>\$ 39,075,033.00</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 48,439,790.93</u>	<u>\$ 39,075,033.00</u>
<u>TOTAL RESERVES</u>	<u>\$ 48,439,790.93</u>	<u>\$ 39,075,033.00</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, 2012

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, 2012
(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, 2012
(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, 2012
(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, 2012
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2012	2011	2010
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 6,205,968.54	\$ 7,085,902.84	\$ 7,090,957.41
Sewer Utility:			
Loans	2,523,668.48	2,676,768.02	2,886,775.23
Net Debt Issued	<u>8,729,637.02</u>	<u>9,762,670.86</u>	<u>9,977,732.64</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	5,159,285.01	5,252,334.01	6,138,404.50
Sewer Utility:			
Bonds and Notes	187,590.00	187,590.00	187,590.00
Total Authorized but not Issued	<u>5,346,875.01</u>	<u>5,439,924.01</u>	<u>6,325,994.50</u>
Less:			
Redevelopment and Housing per N.J.S.A. 40A:12A-67d	<u>105,839.99</u>	<u>105,839.99</u>	<u>70,000.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 13,970,672.04</u>	<u>\$ 15,096,754.88</u>	<u>\$ 16,233,727.14</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 1.14%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 735,000.00	\$ 735,000.00	
Sewer Utility Debt	2,711,258.48	2,711,258.48	
General Debt	11,365,253.55	105,839.99	\$ 11,259,413.56
	<u>\$ 14,811,512.03</u>	<u>\$ 3,552,098.47</u>	<u>\$ 11,259,413.56</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Net Debt of \$11,259,413.56 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$983,921,629.67 = 1.14%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 34,437,257.04
Net Debt	<u>11,259,413.56</u>
Remaining Borrowing Power	<u><u>\$ 23,177,843.48</u></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	\$ 5,182,332.61
Deductions:	
Operating and Maintenance Costs	\$ 2,966,386.25
Debt Service	<u>229,304.11</u>
	<u>3,195,690.36</u>
Excess in Revenue	<u><u>\$ 1,986,642.25</u></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>12/31/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/12</u>
Serial Bonds:				
General Capital Fund	\$ 1,823,000.00		\$ 580,000.00	\$ 1,243,000.00
Loans Payable:				
General Capital Fund:				
Green Trust Loans	189,009.26		11,824.44	177,184.82
Wastewater Treatment Loans	14,465.58		7,283.86	7,181.72
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	47,397.17		31,190.05	16,207.12
NJEIT Loans	2,629,370.85		121,909.49	2,507,461.36
Bond Anticipation Notes:				
General Capital Fund	<u>5,059,428.00</u>	<u>\$ 4,778,602.00</u>	<u>5,059,428.00</u>	<u>4,778,602.00</u>
Total	<u><u>\$ 9,762,670.86</u></u>	<u><u>\$ 4,778,602.00</u></u>	<u><u>\$ 5,811,635.84</u></u>	<u><u>\$ 8,729,637.02</u></u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
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
NJIT Loans	2,751,280.34		121,909.49	2,629,370.85
Bond Anticipation Notes:				
General Capital Fund	4,428,870.00	\$ 5,059,428.00	4,428,870.00	5,059,428.00
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>

Analysis of Debt Issued and Outstanding at December 31, 2012

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
General Improvement Bonds of 2001	8/15/2014	4.375%-4.40%	<u>\$ 1,243,000.00</u>

General Capital Green Acres Loan Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 177,184.82</u>

General Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Trust Loan 2	2/11/2013	<u>\$ 5,000.00</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2012 (Cont'd)

General Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Fund Loan 2	2/1/2013	\$ 2,181.72

Sewer Utility Capital Wastewater Treatment Loans Payable (Trust Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Trust Loan 3	2/1/2013	\$ 10,000.00

Sewer Utility Capital Wastewater Treatment Loans Payable (Fund Loans)

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Fund Loan 2	2/1/2013	\$ 6,207.12

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

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Trust Loan 1	8/1/2029	\$ 1,285,000.00

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

<u>Description</u>	<u>Final Maturity</u>	<u>Balance Dec. 31, 2012</u>
Fund Loan 1	8/1/2029	\$ 1,222,461.36

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2012 (Cont'd)

General Capital Bond Anticipation Notes Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
Various Capital Improvements	04/17/13	1.50%	\$ 340,900.00
Various Capital Improvements	08/22/13	1.50%	532,000.00
Various Capital Improvements	04/17/13	1.50%	200,049.00
Various Capital Improvements	08/22/13	1.50%	976,500.00
Various Capital Improvements	04/17/13	1.50%	475,100.00
Various Capital Improvements	04/17/13	1.50%	388,000.00
Various Capital Improvements	08/22/13	1.50%	237,500.00
Various Capital Improvements	04/17/13	1.50%	355,879.00
Various Capital Improvements	08/22/13	1.50%	142,500.00
Various Capital Improvements	04/17/13	1.50%	472,000.00
Various Capital Improvements	04/17/13	1.50%	658,174.00
			<u>\$ 4,778,602.00</u>
Total Debt Issued and Outstanding			<u>\$ 8,729,637.02</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 three 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, 2012
(Continued)

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

Wastewater Treatment Loans (Cont'd)

At December 31, 2012, 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, 2012, the Town has borrowed or "drawn down" \$2,362,276.31 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, 2012
(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	
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	12,551.89	2,993.91	126,909.49	49,150.00	191,605.29
2016	12,804.18	2,741.62	131,909.49	46,400.00	193,855.29
2017	13,061.54	2,484.26	136,909.49	43,400.00	195,855.29
2018-2022	69,352.89	8,376.11	719,547.45	170,100.00	967,376.45
2023-2027	45,047.65	1,589.75	799,547.45	92,400.00	938,584.85
2028-2029			343,819.01	12,000.00	355,819.01
	<u>\$ 1,427,366.54</u>	<u>\$ 107,643.34</u>	<u>\$ 2,523,668.48</u>	<u>\$ 519,990.00</u>	<u>\$ 4,578,668.36</u>

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2012, which was included in the introduced budget for the Current and Sewer Utility Operating Funds for the year ending December 31, 2013, are as follows:

Current Fund	\$ 719,000.00
Sewer Utility Operating Fund	1,120,935.76

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

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; or the Defined Contribution Retirement Program (DCRP). The State of New Jersey sponsors and administers these two plans which cover substantially all Borough employees. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems. However, if an employee is ineligible to enroll in the PERS or the PFRS, the employee may be eligible to enroll in the DCRP.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 5: Pension Plans (Cont'd)

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. The DCRP provides eligible members with a tax- sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of- living adjustments and noncontributory death benefits. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Town contributions to PERS amounted to \$362,752, \$370,914 and \$292,683 for 2012, 2011 and 2010, respectively. Town contributions to PFRS amounted to \$763,314, \$825,381 and \$736,203 for 2012, 2011 and 2010, respectively. Town contributions to DCRP amounted to \$1,586.05, \$149.95 and \$-0-for 2012, 2011 and 2010, 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 \$1,310,000. 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 \$21,156.77 reflected on the Other Trust Funds' balance sheet as of December 31, 2012.

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 7: Selected Tax Information (Cont'd)

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.

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	\$ 2.68	\$ 2.63	\$ 2.57
<u>Apportionment of Tax Rate</u>			
Municipal	1.12	1.10	1.06
County	.64	.64	.63
Local School	.92	.89	.88
<u>Assessed Valuations</u>			
2012	<u>\$ 975,026,602.00</u>		
2011		<u>\$ 983,267,120.00</u>	
2010			<u>\$ 984,531,145.00</u>

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>
2012	\$ 26,105,367.06	\$ 24,684,811.50	94.55%
2011	25,837,704.31	24,442,669.25	94.60%
2010	25,280,449.00	24,015,485.94	94.99%

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

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.

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;

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Investments (Cont'd)

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

As of December 31, 2012, 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	\$ 5,151,182.85	\$ 5,152,232.85
Animal Control		13,434.92	13,434.92
Other Trust		853,359.71	853,359.71
General Capital		467,245.09	467,245.09
Sewer Utility:			
Operating	500.00	2,272,886.58	2,273,386.58
Capital		3,685,879.72	3,685,879.72
	<u>\$ 1,550.00</u>	<u>\$ 12,443,988.87</u>	<u>\$ 12,445,538.87</u>

The Town did not hold any investments during the year ended December 31, 2012. The carrying amount of the Town's cash and cash equivalents at year end was \$12,445,538.87 and the bank balance was \$12,523,291.54.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 9: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town obtains their health benefit coverage through Horizon Blue Cross/Blue Shield of NJ.

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

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

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

The December 31, 2012 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2011 is as follows:

	Statewide Insurance Fund Dec. 31, 2011
Total Assets	\$ 34,778,489
Net Position	\$ 4,594,316
Total Revenue	\$ 19,197,570
Total Expenditures	\$ 18,517,334
Change in Net Position	\$ 680,236
Members Dividends	\$ -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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 9: Risk Management (Cont'd)

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.

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, 2012.

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 \$349,629.67.

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.

There is a disagreement between a neighboring municipality and the Town regarding 2012 and prior sewer billings. While the Town will vigorously defend this disagreement, the ultimate outcome is not known at this date.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 14,939.77	\$ 23,989.07
Federal and State Grant		14,775.30
Animal Control	59.70	
Other Trust		164.47
General Capital	23,929.37	
Sewer Utility Operating		15,583.58
Sewer Utility Capital	15,583.58	
	<u>\$ 54,512.42</u>	<u>\$ 54,512.42</u>

The interfund receivable in the Current Fund reflects December 2012 interest earnings due from the Other Trust Funds; and 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 Current Fund represents dog license and late fees collected in the Current Fund due to the Animal Control Fund; as well as the net of an interfund advanced due to the General Capital Fund less interest earned in the General Capital Fund due to the Current Fund. The interfund payable in the Sewer Utility Operating Fund reflects December 2012 interest earnings due from the Sewer Utility Capital Fund; net of funds due from the Sewer Utility Operating Fund to the Sewer Utility Capital Fund for the Reserve for Variable Frequency Drive Replacement/Rewire.

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.

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2012 and 2011:

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2012</u>
Land	\$10,553,100.00	\$ 8,965,550.00		\$19,518,650.00
Buildings	14,863,200.00	228,400.00		15,091,600.00
Machinery and Equipment	8,490,006.00	317,678.62	\$ 168,860.00	8,638,824.62
Construction in Progress	5,168,727.00	21,989.31		5,190,716.31
	<u>\$39,075,033.00</u>	<u>\$ 9,533,617.93</u>	<u>\$ 168,860.00</u>	<u>\$48,439,790.93</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 14: Fixed Assets (Cont'd)

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Land	\$ 10,565,100.00		\$ 12,000.00	\$ 10,553,100.00
Buildings	14,890,500.00		27,300.00	14,863,200.00
Machinery and Equipment	7,841,844.00	\$ 762,893.00	114,731.00	8,490,006.00
Construction in Progress	4,424,846.00	743,881.00		5,168,727.00
	<u>\$37,722,290.00</u>	<u>\$ 1,506,774.00</u>	<u>\$ 154,031.00</u>	<u>\$39,075,033.00</u>

TOWN OF PHILLIPSBURG

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2012

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		
Bernie Fey	President; Councilman		
Todd Tersigni	Vice President; Councilman		
John Lynn	Councilman		
Randy Piazza, Sr.	Councilman		
James P. Stettner	Councilman		
Michele D. Broubalow	Municipal Clerk; Administrator (To 05/15/12)		
Victoria Kleiner	Acting Municipal Clerk (from 05/21/12)		
Joseph Hriczak	Chief Financial Officer; Tax Collector; Sewer Collector (To 01/17/12)	\$ 105,000.00 350,000.00	Selective Insurance Company Selective Insurance Company
Jeff Theriault	Interim Chief Financial Officer (from 02/27/12 to 11/21/12)	105,000.00	Selective Insurance Company
Rachel Edinger	Interim Tax Collector (from 06/05/12)	105,000.00	Selective Insurance Company
Craig Brotons	Tax Assessor		
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
2012
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 2,666,769.35
Increased by Receipts:		
Tax Collector		\$ 27,033,136.75
Clerk		102,244.06
Taxes Receivable - Homestead Rebates		487,671.48
Revenue Accounts Receivable		3,188,771.38
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		162,788.36
Nonbudget Revenue		283,750.07
2012 Appropriation Refunds		129,240.47
2011 Appropriation Reserve Refunds		111.80
Interest on Investments and Deposits		22,985.62
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		811,711.65
Unappropriated Grant Reserves		27,827.88
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		51.50
Due from Other Trust Funds:		
Settlement of Prior Year Interfund		196.77
Due from General Capital Fund:		
Settlement of Prior Year Interfund		387.13
Due to General Capital Fund:		
Reserve for Boiler Room Flood		19,280.16
Interfund Advanced		4,858.63
Due from Payroll Accounts:		
Settlement of Prior Year Interfund		38.79
Due from Claims Account:		
Settlement of Prior Year Interfund		85.86
Other Encumbrances Payable - Reserve for Boiler Room		7,594.84
Reserve for:		
Sale of Municipal Assets		5,525.00
Library		548,283.00
		32,836,541.20
		35,503,310.55

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

Ref.

Decreased by Disbursements:			
2012 Appropriation Expenditures		\$ 13,483,297.74	
2011 Appropriation Reserves		484,708.52	
Due from Federal and State Grant Fund:			
Appropriated Grant Reserves		1,050,780.41	
Prior Year Encumbrances Payable		157,581.09	
Due to Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund		2,368.65	
Due from Claims Account:			
Interfund Advanced		150.00	
Local School District Taxes		8,872,343.00	
County Taxes		6,177,424.00	
Accounts Payable		11,242.56	
Refund of Tax Overpayments		13,937.23	
Refund of Prior Year Revenue		1,048.59	
Refund of Tax Sale Premiums		138,600.00	
Reserve for:			
Revaluation		2,100.00	
Tax Appeals		370.33	
Library		533,101.45	
Library - Prior Year Encumbrances Payable		342.29	
		\$ 30,929,395.86	
Balance December 31, 2012	A		\$ 4,573,914.69

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2011	<u>Ref.</u> A	\$ 2,145,845.98
Increased by Receipts:		
Taxes Receivable	\$ 24,896,282.19	
Tax Title Liens Redemption	13,874.84	
2013 Prepaid Taxes	135,731.28	
Interest and Costs on Taxes	221,310.54	
Tax Sale Premiums	146,400.00	
Redemption of Outside Liens	3,769.35	
Interest on Deposits	9,444.47	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	18,506.20	
Municipal Charges Liens Receivable	515.56	
Tax Overpayments	<u>14,454.50</u>	
		<u>25,460,288.93</u>
		<u>27,606,134.91</u>
Decreased by:		
Payments to Treasurer		<u>27,033,136.75</u>
Balance December 31, 2012	A	<u><u>\$ 572,998.16</u></u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - CLERK

Balance December 31, 2011	<u>Ref.</u> A	\$ 10,089.65
Increased by Receipts:		
Due to State of NJ:		
Marriage License Fees	\$ 2,200.00	
Burial Permit Fees	10.00	
Due to Animal Control Fund:		
Due to State of NJ:		
Dog License Fees	1,809.00	
Dog License Fees	8,453.40	
Dog License Late Fees	1,562.00	
Cat License Fees	2,259.00	
Cat License Late Fees	340.00	
Replacement Tags	2.00	
Alcoholic Beverages Licenses	32,930.00	
Other Licenses	10,503.00	
Fees and Permits	52,230.00	
Miscellaneous Revenue Not Anticipated	134.70	
Interest on Deposits	35.21	
	<hr/>	112,468.31
		<hr/> 122,557.96
Decreased by:		
Payments to Treasurer - Current Fund	102,244.06	
Payment to Animal Control Fund:		
Interfund Returned	17.60	
Dog and Cat Licenses and Late Fees	12,556.70	
Payments to State of NJ:		
Department of Health - Dog License Fees	1,809.60	
Marriage License Fees	1,650.00	
Burial Permit Fees	10.00	
	<hr/>	118,287.96
		<hr/> <hr/> 118,287.96
Balance December 31, 2012	A	\$ 4,270.00

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

Year	Balance	2012 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011			2011	2012				Dec. 31, 2012
2007	\$ 2,340.32				\$ 2,340.32				
2008	2,008.45				2,008.45				
2009	3,589.01				3,589.01				
2010	18,670.09				13,595.61				\$ 5,074.48
2011	1,212,415.77		\$ 3,926.07		969,299.31	\$ (5,500.00)	\$ 214,719.86	\$ 22,383.73	15,438.94
	<u>1,239,023.64</u>		<u>3,926.07</u>		<u>990,832.70</u>	<u>(5,500.00)</u>	<u>214,719.86</u>	<u>22,383.73</u>	<u>20,513.42</u>
2012		\$ 26,105,367.06		\$ 124,048.75	24,393,120.97	167,641.78	257,302.62	137,961.00	1,025,291.94
	<u>\$ 1,239,023.64</u>	<u>\$ 26,105,367.06</u>	<u>\$ 3,926.07</u>	<u>\$ 124,048.75</u>	<u>\$ 25,383,953.67</u>	<u>\$ 162,141.78</u>	<u>\$ 472,022.48</u>	<u>\$ 160,344.73</u>	<u>\$ 1,045,805.36</u>
Ref.	A								A

Analysis of 2012 Property Tax Levy:

Tax Yield:

General Purpose Tax	\$ 26,081,974.04
Added Taxes (54:4-63.1 et seq.)	<u>23,393.02</u>

\$ 26,105,367.06

Tax Levy:

Local School District Taxes	\$ 8,961,844.00
County Taxes:	
County Taxes	\$ 5,575,091.00
County Open Space Taxes	600,574.68
Due County for Added and Omitted Taxes	<u>5,544.36</u>
	6,181,210.04
Local Tax for Municipal Purposes	10,605,112.76
Municipal Library Taxes	329,891.94
Additional Taxes Levied	<u>27,308.32</u>

10,962,313.02\$ 26,105,367.06

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 272,408.17
Increased by:		
Transfer from Taxes Receivable	\$ 160,344.73	
Interest and Costs on Tax Sale	4,504.36	
	<u> </u>	<u>164,849.09</u>
		437,257.26
Decreased by:		
Tax Title Lien Redeemed	13,874.84	
Cancelled	109,337.71	
	<u> </u>	<u>123,212.55</u>
Balance December 31, 2012	A	<u>\$ 314,044.71</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 45,135.35
Increased By:		
Municipal Charges Transferred to Liens		\$ 900.00
Interest and Costs on Tax Sale		53.56
		953.56
		46,088.91
Decreased by:		
Municipal Charges Liens Redeemed		515.56
		515.56
Balance December 31, 2012	A	\$ 45,573.35

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 13,939.17
Increased By:		
Municipal Charges Imposed		10,222.29
		24,161.46
Decreased By:		
Collections - Municipal Charges		\$ 18,506.20
Transfer to Municipal Charge Liens		900.00
		19,406.20
Balance December 31, 2012	A	\$ 4,755.26

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued In</u> <u>2012</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Collected by</u> <u>Clerk</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Alcoholic Beverages Licenses		\$ 32,930.00		\$ 32,930.00	
Other Licenses		10,503.00		10,503.00	
Fees and Permits		81,165.83	\$ 28,935.83	52,230.00	
Municipal Court:					
Fines and Costs	\$ 34,020.26	342,523.60	354,956.05		\$ 21,587.81
Payment in Lieu of Taxes - Federal Housing Project		128,644.00	128,644.00		
Payment in Lieu of Taxes - Sewage Treatment		83,500.00	83,500.00		
Consolidated Municipal Property Tax Relief Aid		510,329.00	510,329.00		
Energy Receipts Taxes		1,495,072.00	1,495,072.00		
Uniform Construction Code Fees		209,209.00	209,209.00		
Pool Receipts and Passes		18,125.50	18,125.50		
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>\$ 34,020.26</u>	<u>\$ 3,272,001.93</u>	<u>\$ 3,188,771.38</u>	<u>\$ 95,663.00</u>	<u>\$ 21,587.81</u>

Ref.

A

A

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

	Balance Dec. 31, 2011	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2012
Municipal Alliance:						
2011	\$ 5,437.83		\$ 5,437.83			
2012		\$ 11,968.00	6,215.90			\$ 5,752.10
N.J. Department of Labor and Workforce Development:						
N.J. Youth Corps - 2011 - ALWY12N	254,380.00		254,380.00			
ARRA - N.J. Youth Corps - 2012 - BLWY12N		38,333.00	27,789.00			10,544.00
N.J. Youth Corps - 2012 - ALWY13N		497,893.00	216,155.00			281,738.00
N.J. Transportation Trust Fund Authority Act:						
2011 - Municipal Aid Program	185,260.00		138,945.00			46,315.00
2012 - Municipal Aid Program		234,000.00				234,000.00
2009 - Morris Street	88,380.50		61,475.98			26,904.52
Clean Communities Program - 2012		26,352.57	25,835.21			517.36
Recycling Tonnage Grant - 2012		29,353.46		\$ 29,353.46		
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	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	905.00				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	14,112.58				14,112.58	
SFY 2010 Administrative Budget - 2009	38,377.61				38,377.61	
Marketing Program Phase VII - 2009	86.80				86.80	
Morris Canal Arch Architecture - 2009	853.70				853.70	
Police Patrols - 2010	1,784.00				1,784.00	

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

(Continued)

	Balance Dec. 31, 2011	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2012
Urban Enterprise Projects:						
Marketing VIII - 2010	\$ 19,810.82				\$ 19,810.82	
Tenant Incentive IV - 2010	8,494.33				8,494.33	
Administration FY 2011 - 2010	2,716.26				2,716.26	
Police Patrols VIII - 2011	6,912.00		\$ 6,912.00			
Delaware River Joint Bridge Commission:						
Compact Authorized Investments - 2010	230,828.00					\$ 230,828.00
Emergency Management - 2012		\$ 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 - 2012		3,482.26		\$ 3,482.26		
NJ Department of Law and Public Safety:						
Cops In Shops - College Fall Initiative 2011	124.21					124.21
Drive Sober or Get Pulled Over		4,400.00	4,286.10			113.90
State of NJ Highlands Council:						
2009 Plan Conformance Grant	5,160.92	167,800.00	45,929.63			127,031.29
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		3,350.00			2,859.20
AmeriCorps Heat Grant	71.00					71.00
St. Luke's Church Donation - Pool		10,000.00	10,000.00			
	<u>\$ 1,109,109.91</u>	<u>\$ 1,028,582.29</u>	<u>\$ 811,711.65</u>	<u>\$ 32,835.72</u>	<u>\$ 138,994.27</u>	<u>\$ 1,154,150.56</u>
<u>Ref.</u>	A					A
Federal Grants			\$ 235,846.08			
State Grants			565,865.57			
Local Grants			10,000.00			
			<u>\$ 811,711.65</u>			

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</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	\$ 282.95	\$ 282.95	\$ 282.95	
Other Expenses	6,543.44	5,859.33	1,719.44	\$ 4,139.89
Human Resources:				
Other Expenses	2,263.88	2,263.88	2,263.88	
Mayor and Council:				
Salaries and Wages	0.83	0.83		0.83
Other Expenses	3,587.39	3,587.39	186.18	3,401.21
Municipal Clerk:				
Salaries and Wages	4,515.08	4,515.08	3,581.92	933.16
Other Expenses	3,254.87	3,254.87	2,350.80	904.07
Financial Administration:				
Salaries and Wages	2,131.23	2,131.23	1,500.00	631.23
Other Expenses	3,818.22	3,818.22	246.95	3,571.27
Audit Services	13,679.00	13,679.00	7,550.00	6,129.00
Revenue Administration:				
Salaries and Wages	3,070.26	3,070.26	2,094.93	975.33
Other Expenses	4,995.25	4,995.25	258.99	4,736.26
Tax Assessment Administration:				
Salaries and Wages	1,837.23	1,837.23		1,837.23
Other Expenses	1,454.40	2,138.51	2,138.51	
Legal Services:				
Other Expenses	32,830.09	66,989.04	64,401.02	2,588.02
Engineering Services:				
Other Expenses	34,749.97	29,822.36	27,369.22	2,453.14
LAND USE ADMINISTRATION:				
Zoning Board:				
Other Expenses	1,500.00	1,500.00		1,500.00
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	56,059.97	56,059.97	40,381.93	15,678.04
Other Expenses	59,935.76	54,103.08	21,731.67	32,371.41
Emergency Management Services:				
Other Expenses	949.97	949.97		949.97
Fire Department:				
Salaries and Wages	1,558.60	1,558.60		1,558.60
Other Expenses	15,588.19	15,588.19	12,116.37	3,471.82
Supplemental Fire Services Program	5,944.48	5,944.48		5,944.48
Municipal Prosecutor:				
Salaries and Wages	13.08	13.08		13.08

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance Dec. 31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	\$ 8,798.01	\$ 8,798.01	\$ 3,325.63	\$ 5,472.38
Other Expenses	64,932.89	64,932.89	51,779.38	13,153.51
Other Public Works Functions:				
Salaries and Wages	909.78	909.78	909.78	
Other Expenses	1,305.91	1,305.91	862.59	443.32
PEOSHA	114.83	114.83	60.30	54.53
Solid Waste Collection:				
Salaries and Wages	21,843.65	21,843.65	3,322.09	18,521.56
Other Expenses	2,550.00	2,550.00		2,550.00
Buildings and Grounds:				
Salaries and Wages	14,825.00	14,825.00	5,428.35	9,396.65
Other Expenses	10,847.48	10,847.48	8,189.47	2,658.01
Vehicle Maintenance:				
Salaries and Wages	3,095.83	3,095.83	1,359.73	1,736.10
Other Expenses	57,853.31	57,853.31	42,234.54	15,618.77
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Salaries and Wages	30.33	30.33		30.33
Other Expenses	6,390.46	6,390.46	1,199.21	5,191.25
Contributions to Social Services:				
Other Expenses	19,728.84	19,728.84	8,820.00	10,908.84
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	2,019.75	2,019.75	2,019.75	
Other Expenses	21,547.28	19,455.87	11,245.32	8,210.55
Municipal Swimming Pool:				
Other Expenses	836.07	4,991.41	4,389.60	601.81
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	44,571.32	44,571.32		44,571.32
Street Lighting	15,337.46	13,273.53	1,132.78	12,140.75
Telephone:				
Other Expenses	8,963.57	8,963.57	8,221.98	741.59
Water	35,643.97	35,643.97	31,345.66	4,298.31
Gas (Natural or Propane)	32,255.81	27,597.81	4,956.55	22,641.26
Gasoline	32,744.39	32,744.39	22,537.61	10,206.78
SOLID WASTE DISPOSAL COSTS:				
Waste Disposal:				
Other Expenses	602.79	602.79	602.79	

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Balance Dec. 31, 2011	Balance After Modification	Paid or Charged	Balance Lapsed
Municipal Court:				
Salaries and Wages	\$ 1,456.34	\$ 1,456.34	\$ 1,235.54	\$ 220.80
Other Expenses	1,858.36	1,858.36	1,528.47	329.89
INSURANCE:				
Liability Insurance	38,853.00	15,454.34		15,454.34
Workers Compensation Insurance	4,228.18	4,228.18		4,228.18
Employees Group Insurance	6,319.40	6,319.40	4,298.60	2,020.80
Health Benefit Waivers	71,100.00	71,100.00	51,557.10	19,542.90
UNIFORM CONSTRUCTION CODE:				
Code Enforcement:				
Salaries and Wages	4,408.45	4,408.45	2,936.56	1,471.89
Other Expenses	2,487.08	2,487.08	2,099.99	387.09
STATUTORY EXPENDITURES:				
Public Employees Retirement System		4,658.00	4,657.69	0.31
Social Security System (O.A.S.I)	1,442.92	1,442.92	1,442.92	
Unemployment Compensation Insurance	1,175.04	1,175.04	558.75	616.29
Maintenance of Free Public Library	13,400.98	13,400.98	5,596.93	7,804.05
Recycling Tax (P.L.2007, C.311)	8,948.00	8,948.00	5,469.00	3,479.00
	\$ 823,990.62	\$ 823,990.62	\$ 485,499.42	\$ 338,491.20
<u>Ref.</u>				
<u>Analysis of Balance on December 31, 2011:</u>				
Unencumbered	A \$ 595,989.74			
Encumbered	A 228,000.88			
	\$ 823,990.62			
Cash Disbursed			\$ 484,708.52	
Accounts Payable			902.70	
			485,611.22	
Less: Appropriation Refunds			111.80	
			\$ 485,499.42	

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

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 736,325.00
Increased by:		
2012 School Tax Levy		<u>8,961,844.00</u>
		9,698,169.00
Decreased by:		
Payments to Local School District		<u>8,872,343.00</u>
Balance December 31, 2012	A	<u><u>\$ 825,826.00</u></u>

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

	Balance Dec. 31, 2011	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2012
Clean Communities Program:							
2010	\$ 91.95		\$ 91.95				
2011	6,685.64		6,685.64				
2012		\$ 26,352.57	17,709.27	\$ 315.15			\$ 8,328.15
Drunk Driving Enforcement Fund:							
2009	1,266.44		1,266.44				
2010	12,647.86		3,248.49	155.00			9,244.37
2011	5,343.45						5,343.45
Municipal Alliance Program:							
2008 - Local	4.93		4.93				
2010 - Local	51.95		51.95				
2011 - Local	341.23		341.23				
2012 - State		11,968.00	9,933.25	1,709.75			325.00
2012 - Local		2,940.00	1,976.91	400.20			562.89
Board of Education - 2009	2,068.60		1,245.51				823.09
Body Armor Replacement Grant:							
2008	3,067.34		3,067.34				
2010	1,403.46		1,403.46				
2011	3,417.34		1,768.95				1,648.39
2012		3,482.26					3,482.26
FY04 Exercise Program Implementation Action Grant	2,278.20						2,278.20
N.J. Department of Labor and Workforce Development:							
N.J. Youth Corps - 2011 - ALWY12N	353,756.00		353,756.00				
ARRA - N.J. Youth Corps - 2012 - BLWY12N		38,333.00	31,956.57				6,376.43
N.J. Youth Corps - 2012 - ALWY13N		497,893.00	90,876.00				407,017.00
Municipal Stormwater Regulation Program - 2006	4,251.25						4,251.25
Hepatitis B Fund	1,905.00						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	3,510.04		1,211.00				2,299.04
2008	15,577.81						15,577.81
2009	34,003.21						34,003.21
2011	23,487.00						23,487.00
2012		29,353.46					29,353.46

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

	Balance Dec. 31, 2011	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2012
Emergency Management:							
2009	\$ 5,000.00		\$ 360.00	\$ 2,531.28			\$ 2,108.72
2010	173.78		90.00	83.78			
2011	2,725.49		387.35				2,338.14
2012		\$ 5,000.00					5,000.00
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	905.00					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	38,377.61					38,377.61	
Marketing Program Phase VII - 2009	86.80					86.80	
Morris Canal Arch Architecture - 2009	853.70					853.70	
Police Patrols - 2010	1,784.00					1,784.00	
Marketing VIII - 2010	19,810.82					19,810.82	
Tenant Incentive IV - 2010	8,494.33					8,494.33	
Administration FY 2011 - 2010	2,716.26					2,716.26	
Police Patrols VIII - 2011	6,912.00		6,912.00				
Hazardous Discharge Site Remediation - 1998	15,178.47						15,178.47
DRJTBC Compact Authorized Investments Grant	36,857.82						36,857.82
Delaware River Joint Bridge Commission:							
Resurfacing Northampton Street Toll Supported Bridge	63,000.00						63,000.00
Compact Authorized Investments - 2010	80,877.60		17,350.01		\$ 30,690.64		94,218.23
N.J. Transportation Trust Fund Authority Act:							
2011 - Municipal Aid Program	185,260.00		185,260.00				
2012 - Municipal Aid Program		234,000.00	213,963.21	20,036.79			
2009 - Morris Street	49,271.50		25,330.50	23,871.00			70.00

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

	Balance Dec. 31, 2011	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Cancelled	Balance Dec. 31, 2012
Reserve for Domestic Violence Grant	\$ 839.00						\$ 839.00
NJ Department of Law and Public Safety:							
Cops In Shops:							
2010	34.88						34.88
2011	136.97						136.97
Drive Sober or Get Pulled Over		\$ 4,400.00	\$ 4,286.10				113.90
Division of State Police:							
CERT Trailer Equipment & Supply	1,150.00						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	5,160.92	167,800.00	59,328.55				113,632.37
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	2,859.20						2,859.20
AmeriCorps Heat Grant	71.00						71.00
Norfolk Southern Grant	1,000.00						1,000.00
ARRA - Energy Efficiency Block Grant	0.01						0.01
St. Luke's Church Donation - Pool		10,000.00	5,902.92				4,097.08
	<u>\$ 1,193,401.31</u>	<u>\$ 1,031,522.29</u>	<u>\$ 1,050,780.41</u>	<u>\$ 49,102.95</u>	<u>\$ 30,690.64</u>	<u>\$ 139,002.27</u>	<u>\$ 1,016,728.61</u>
<u>Ref</u>	A						A
Federal/State/Local Grants		\$ 1,028,582.29				\$ 139,002.27	
Local Matching Funds		2,940.00				-0-	
		<u>\$ 1,031,522.29</u>				<u>\$ 139,002.27</u>	
Federal Grants			\$ 460,796.38	\$ 43,907.79	\$ -0-		
State Grants			561,391.10	4,794.96	-0-		
Local Grants			28,592.93	400.20	30,690.64		
			<u>\$ 1,050,780.41</u>	<u>\$ 49,102.95</u>	<u>\$ 30,690.64</u>		

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
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, 2011	B	\$ 2,108.90	\$ 1,171,613.99
Increased by Receipts:			
Dog License Fees		\$ 8,416.20	
Cat License Fees		2,259.00	
Dog/Cat License Late Fees		1,880.00	
Replacement Tags		1.50	
Interest Earned		61.07	
Due to/from Current Fund:			
Settlement of Prior Year Interfund		17.60	
Interest Earned			\$ 164.47
Community Development Revolving Loan			
Program Receivable - Principal Repayments			54,368.95
Reserve for:			
Dog Park Donations		10,000.00	
Planning/Zoning Board Escrow			8,887.50
Public Defender :			
Receipts			2,286.00
Interest Earned			75.58
Parking Offense Adjudication Act			184.00
Bernards Township R.C.A. Program:			
Interest Earned			559.07
Rehabilitation Repayments			75.00
Police Outside Services			104,689.25
Accumulated Sick and Vacation			4,089.30
Other Deposits			250.00
Federally Funded Housing Assistance (Section 8 Program):			
2012 Grant Funds			1,676,203.00
Community Development Revolving Loan Program:			
Interest on Deposits/Loans			13,364.27
Flex Spending Benefits Deposits			3,731.00
		<u>22,635.37</u>	<u>1,868,927.39</u>
		24,744.27	3,040,541.38
Decreased by Disbursements:			
Administrative Expenses		11,257.85	
Due to Current Fund:			
Settlement of Prior Year Interfund		51.50	196.77
Reserve for:			
Public Defender			688.00
Planning/Zoning Board Escrow			223,237.77
Accumulated Sick and Vacation			21,927.53
Federally Funded Housing Assistance (Section 8 Program):			
Program Expenditures			1,788,367.68
Police Outside Services			103,780.07
Parking Offense Adjudication Act			2,795.00
Community Development Revolving Loan Program:			
Legal Fees			14,752.14
Bernards Township R.C.A. Expenditures			29,126.00
Flex Spending Benefits Disbursements			2,310.71
		<u>11,309.35</u>	<u>2,187,181.67</u>
Balance December 31, 2012	B	<u>\$ 13,434.92</u>	<u>\$ 853,359.71</u>

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
ANALYSIS OF ASSESSMENT TRUST FUND CASH
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 2,075.00
Increased by:		
Cash Received:		
Dog License Fees		\$ 8,416.20
Cat License Fees		2,259.00
Cat/Dog License Late Fees		1,880.00
Replacement Tags		1.50
Interest Earned		61.07
Due from Current Fund - Clerk		
Dog License Fees		37.20
Cat License Fees		22.00
Dog Replacement Fees		0.50
		12,677.47
		14,752.47
Decreased by:		
Expenditures Under R.S.4:19-15.11		11,257.85
Balance December 31, 2012	B	\$ 3,494.62

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 7,412.00
2011	11,666.90
	19,078.90
Maximum Allowable Reserve	\$ 19,078.90

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 742,150.87
Increased by:		
Capital Improvement Fund:		
2012 Budget Appropriation		\$ 34,641.00
Reserve for Purchase of Fire Vehicle		6,656.00
Capital Fund Balance:		
Premium on Bond Anticipation Notes		7,428.61
Bond Anticipation Notes Issued		658,174.00
Due to Current Fund:		
Interest Earned		209.42
Improvement Authorization Refund		77,800.00
		<u>784,909.03</u>
		<u>1,527,059.90</u>
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund		387.13
Interfund Advanced		4,858.63
Prior Year Encumbrances		257,452.94
Improvement Authorization Expenditures		797,116.11
		<u>1,059,814.81</u>
Balance December 31, 2012	C	<u>\$ 467,245.09</u>

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

	Balance (Deficit) Dec. 31, 2011	Receipts			Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012	
		Miscellaneous	Bond		Miscellaneous	Improvement Authorization Expenditures	From	To		
			Anticipation Notes	Budget Appropriation						
Fund Balance	\$ 9,537.64	\$ 7,428.61							\$ 16,966.25	
Capital Improvement Fund	621.84			\$ 34,641.00		\$ 34,641.00			621.84	
Due To Current Fund	387.13	209.42			\$ 5,245.76	19,280.16			(23,929.37)	
Encumbrances Payable	272,185.50				257,452.94	2,246.41	\$ 304,155.94		316,642.09	
Reserve for Improvements	25,000.00								25,000.00	
Reserve for Purchase of Fire Vehicle		6,656.00							6,656.00	
Reserve for Boiler Room							19,280.16		19,280.16	
Ord.										
No.	Improvement Description									
02-04	Various Capital Improvements	3,154.05				\$ 450.00			2,704.05	
03-04	Various Capital Improvements	9,258.04				3,364.04			5,894.00	
04-08	Various Capital Improvements	5,503.09				5,503.09				
05-18	Various Capital Improvements	11,612.28				4,932.33			6,679.95	
06-20	Various Capital Improvements	307,481.95				157,540.92	8,042.95		141,898.08	
07-07	Various Capital Improvements	105,815.46					42,621.16		63,194.30	
08-12	Various Capital Improvements	119.75							119.75	
09-10	Various Capital Improvements	78,556.68				19,819.70			58,736.98	
10-10	Various Capital Improvements	116,831.75				60,026.46	58,396.70	1,591.41		
11-09	Various Capital Improvements	(203,914.29)		\$ 658,174.00		393,551.16	38,679.39	655.00	22,684.16	
12-07	Various Capital Improvements	77,800.00				151,928.41	156,415.74	34,641.00	(195,903.15)	
		<u>\$ 742,150.87</u>	<u>\$ 92,094.03</u>	<u>\$ 658,174.00</u>	<u>\$ 34,641.00</u>	<u>\$ 262,698.70</u>	<u>\$ 797,116.11</u>	<u>\$ 360,323.51</u>	<u>\$ 360,323.51</u>	<u>\$ 467,245.09</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
<u>General Improvements:</u>								
02-04	Various Capital Improvements	\$ 133,000.00		\$ 133,000.00				
03-04	Various Capital Improvements	140,000.00		140,000.00				
04-08	Various Capital Improvements	426,000.00		85,100.00	\$ 340,900.00	\$ 340,900.00		
05-18	Various Capital Improvements	712,000.00		180,000.00	532,000.00	532,000.00		
06-20	Various Capital Improvements	1,494,549.00		318,000.00	1,176,549.00	1,176,549.00		
07-07	Various Capital Improvements	535,000.00		59,900.00	475,100.00	475,100.00		
08-12	Various Capital Improvements	648,500.00		23,000.00	625,500.00	625,500.00		
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	658,174.00		
12-07	Various Capital Improvements		\$ 565,125.00		565,125.00		\$ 195,903.15	\$ 369,221.85
<u>Local Improvements</u>								
06-32	Various Local Improvements	4,594,160.01			4,594,160.01			4,594,160.01
		<u>\$ 10,311,762.01</u>	<u>\$ 565,125.00</u>	<u>\$ 939,000.00</u>	<u>\$ 9,937,887.01</u>	<u>\$ 4,778,602.00</u>	<u>\$ 195,903.15</u>	<u>\$ 4,963,381.86</u>
	<u>Ref.</u>		C		C			

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

\$ 5,265,293.13

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. #02-04	\$ 2,704.05
Ord. #03-04	5,894.00
Ord. #05-18	6,679.95
Ord. #06-20	141,898.08
Ord. #07-07	63,194.30
Ord. #08-12	119.75
Ord. #09-10	58,736.98
Ord. #11-09	22,684.16

301,911.27

\$ 4,963,381.86

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011 Unfunded	2012 Authorization		Paid or Charged	Prior Year Encumbrances Canceled	Balance Dec. 31, 2012 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	\$ 3,154.05			\$ 450.00		\$ 2,704.05
03-04	Various Capital Improvements	04/01/03	967,385.00	9,258.04			3,364.04		5,894.00
04-08	Various Capital Improvements	04/20/04	967,800.00	5,503.09			5,503.09		
05-18	Various Capital Improvements	05/03/05	1,288,320.00	11,612.28			4,932.33		6,679.95
06-20	Various Capital Improvements	05/26/06	2,283,842.00	307,481.95			165,583.87		141,898.08
07-07	Various Capital Improvements	05/01/07	795,800.00	105,815.46			42,621.16		63,194.30
08-12	Various Capital Improvements	05/06/08	814,600.00	119.75					119.75
09-10	Various Capital Improvements	05/19/09	524,610.00	78,556.68			19,819.70		58,736.98
10-10	Various Capital Improvements	08/03/10	497,000.00	116,831.75			118,423.16	\$ 1,591.41	
11-09	Various Capital Improvements	05/17/11	692,815.00	454,259.71			432,230.55	655.00	22,684.16
12-07	Various Capital Improvements	04/17/12	599,766.00		\$ 565,125.00	\$ 34,641.00	230,544.15		369,221.85
<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>\$ 5,686,752.77</u>	<u>\$ 565,125.00</u>	<u>\$ 34,641.00</u>	<u>\$ 1,023,472.05</u>	<u>\$ 2,246.41</u>	<u>\$ 5,265,293.13</u>
<u>Ref.</u>				C					C
							<u>Ref.</u>		
				Cash Disbursed			\$ 797,116.11		
				Encumbrances			C 304,155.94		
				Less: Improvement Authorization Refunds			(77,800.00)		
							<u>\$ 1,023,472.05</u>		

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 621.84
Increased by:		
2012 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, 2012	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, 2011	Issued	Matured	Balance Dec. 31, 2012
			Issue	Maturity					
02-04	Various Capital Improvements	09/30/03	08/26/11	08/24/12	0.98%	\$ 133,000.00		\$ 133,000.00	
03-04	Various Capital Improvements	09/30/03	08/26/11	08/24/12	0.98%	140,000.00		140,000.00	
04-08	Various Capital Improvements	05/19/05	04/19/11 04/18/12	04/19/12 04/17/13	2.00% 1.50%	426,000.00	\$ 340,900.00	426,000.00	\$ 340,900.00
05-18	Various Capital Improvements	09/06/06	08/26/11 08/23/12	08/24/12 08/22/13	0.98% 1.50%	712,000.00	532,000.00	712,000.00	532,000.00
06-20	Various Capital Improvements	09/06/06	04/19/11 08/26/11 04/18/12 08/23/12	04/19/12 08/24/12 04/17/13 08/22/13	2.00% 0.98% 1.50% 1.50%	200,049.00 1,294,500.00	200,049.00 976,500.00	200,049.00 1,294,500.00	200,049.00 976,500.00
07-07	Various Capital Improvements	05/01/08	04/19/11 04/18/12	04/19/12 04/17/13	2.00% 1.50%	535,000.00	475,100.00	535,000.00	475,100.00
08-12	Various Capital Improvements	04/28/09	04/19/11 08/26/11 04/18/12 08/23/12	04/19/12 08/24/12 04/17/13 08/22/13	2.00% 0.98% 1.50% 1.50%	411,000.00 237,500.00	388,000.00 237,500.00	411,000.00 237,500.00	388,000.00 237,500.00
09-10	Various Capital Improvements	04/19/11	04/19/11 08/26/11 04/18/12 08/23/12	04/19/12 08/24/12 04/17/13 08/22/13	2.00% 0.98% 1.50% 1.50%	355,879.00 142,500.00	355,879.00 142,500.00	355,879.00 142,500.00	355,879.00 142,500.00
10-10	Various Capital Improvements	04/19/11	04/19/11 04/18/12	04/19/12 04/17/13	2.00% 1.50%	472,000.00	472,000.00	472,000.00	472,000.00

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
		Issue of Original Note	Issue	Maturity					
11-09	Various Capital Improvements	04/18/12	04/18/12	04/17/13	1.50%		\$ 658,174.00		\$ 658,174.00
						<u>\$ 5,059,428.00</u>	<u>\$ 4,778,602.00</u>	<u>\$ 5,059,428.00</u>	<u>\$ 4,778,602.00</u>
					<u>Ref.</u>				<u>C</u>
				New Issues			\$ 658,174.00		
				Renewals			4,120,428.00	\$ 4,120,428.00	
				Paid by Budget Appropriation				939,000.00	
							<u>\$ 4,778,602.00</u>	<u>\$ 5,059,428.00</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, 2011	Matured	Balance Dec. 31, 2012
			Outstanding Date	Dec. 31, 2012 Amount				
General Improvement	10/10/2001	\$ 6,408,000.00	8/15/2013	\$ 605,000.00	4.375%	\$ 1,823,000.00	\$ 580,000.00	\$ 1,243,000.00
			8/15/2014	638,000.00	4.40%			
						<u>\$ 1,823,000.00</u>	<u>\$ 580,000.00</u>	<u>\$ 1,243,000.00</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, 2011	C	\$ 10,000.00	\$ 4,465.58
Decreased by:			
Loans Paid by Current Fund		<u>5,000.00</u>	<u>2,283.86</u>
Balance December 31, 2012	C	<u>\$ 5,000.00</u>	<u>\$ 2,181.72</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340874-01-02 -
TRUST LOAN OUTSTANDING DECEMBER 31, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 5,000.00
38	2/1/13	\$ 120.00	\$ 5,000.00	-0-
		<u>\$ 120.00</u>	<u>\$ 5,000.00</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340874-01-02 -
FUND LOAN OUTSTANDING DECEMBER 31, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 2,181.72
38	2/1/13	\$ 2,181.72	-0-
		<u>\$ 2,181.72</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
01-16	Improvements to Delaware Heights Park	\$ 189,009.26	\$ 11,824.44	\$ 177,184.82
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2012

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 177,184.82
3	1/11/13	\$ 1,771.85	\$ 6,001.05	171,183.77
4	7/11/13	1,711.84	6,061.06	165,122.71
5	1/11/14	1,651.23	6,121.67	159,001.04
6	7/11/14	1,590.01	6,182.89	152,818.15
7	1/11/15	1,528.18	6,244.72	146,573.43
8	7/11/15	1,465.73	6,307.17	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>\$ 24,910.58</u>	<u>\$ 177,184.82</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Authorization	Notes Paid by Budget Appropriation	Bond Anticipation Notes Matured	Bond Anticipation Notes Issued	Balance Dec. 31, 2012
02-04	Various Capital Improvements			\$ 133,000.00	\$ 133,000.00		
03-04	Various Capital Improvements			140,000.00	140,000.00		
04-08	Various Capital Improvements			85,100.00	426,000.00	\$ 340,900.00	
05-18	Various Capital Improvements			180,000.00	712,000.00	532,000.00	
06-20	Various Capital Improvements			318,000.00	1,494,549.00	1,176,549.00	
06-32	Various Local Improvements	\$ 4,594,160.01					\$ 4,594,160.01
07-07	Various Capital Improvements			59,900.00	535,000.00	475,100.00	
08-12	Various Capital Improvements			23,000.00	648,500.00	625,500.00	
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	
12-07	Various Capital Improvements		\$ 565,125.00				565,125.00
		<u>\$ 5,252,334.01</u>	<u>\$ 565,125.00</u>	<u>\$ 939,000.00</u>	<u>\$ 5,059,428.00</u>	<u>\$ 4,778,602.00</u>	<u>\$ 5,159,285.01</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

		<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	E	\$ 1,734,975.99	\$ 2,247,150.27
Increased by Receipts:			
Utility Collector		\$ 3,199,515.29	
Sewer Rents - Other Municipalities		2,031,350.41	
Nonbudget Revenue		56,069.42	
Due from Current Fund:			
Settlement of Prior Year Interfund		2,368.65	
2012 Budget Appropriation:			
Capital Improvement Fund			\$ 1,800,000.00
Environmental Infrastructure Loan Receivable -			
Trust Loan			21,989.31
Due to NJ Department of Environmental			
Protection			302,957.69
Reserve for Sewer Improvements		460,000.00	
Due to Sewer Utility Capital Fund:			
Reserve for VFD Replacement/Rewire		17,143.92	
Due to Sewer Utility Operating Fund:			
Interest Earned			1,560.34
Due from Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund		951.85	
		<u>5,767,399.54</u>	<u>2,126,507.34</u>
		7,502,375.53	4,373,657.61
Decreased by Disbursements:			
2012 Appropriation Expenditures		4,603,771.88	
2011 Appropriation Reserves		296,117.39	
Accrued Interest on Loans		78,976.14	
Rent Overpayment Refunds		92.36	
Prior Year Encumbrances			177,123.67
Improvement Authorization Expenditures			49,702.37
Due to Current Fund:			
Anticipated Revenue - 2012 Budget		300,000.00	
Due to Sewer Utility Operating Fund:			
Anticipated Revenue - 2012 Budget			
Reserve for Sewer Improvement -			
Connection Fees			460,000.00
Settlement of Prior Year Interfund			951.85
		<u>5,278,957.77</u>	<u>687,777.89</u>
Balance December 31, 2012	E	<u>\$ 2,223,417.76</u>	<u>\$ 3,685,879.72</u>

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

	Balance Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012
		Budget Appropriation	Miscellaneous	Miscellaneous	Improvement Authorizations	From	To	
Capital Improvement Fund	\$ 957,671.46	\$ 1,800,000.00				\$ 1,800,000.00		\$ 957,671.46
Due to/(from) Sewer Utility Operating Fund	951.85		\$ 1,560.34	\$ 951.85		17,143.92		(15,583.58)
NJ Environmental Infrastructure Loan Receivable: Trust	(487,521.82)		21,989.31					(465,532.51)
Due to NJ Department of Environmental Protection			302,957.69					302,957.69
Encumbrances Payable	206,505.87			177,123.67		29,382.20	\$ 111,462.11	111,462.11
Reserve for Sewer Improvements	465,452.00			460,000.00				5,452.00
Reserve for VFD Replacement/Rewire							17,143.92	17,143.92
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	10,229.96						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				8,942.00		7,358.00
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
06-21	General Improvements to the Wastewater Treatment Plant and Associated Facilities	18,000.75			\$ 18,000.75			
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	275,277.20			21,801.62	38,797.63		214,677.95
09-13	Improvements to Town Sewage Treatment Plant	417,461.49			9,900.00		29,382.20	436,943.69
10-02	Purchase of Backhoe	20,121.00				15,722.48		4,398.52
11-12	Purchase of Front End Loader	21,400.00						21,400.00
12-08	Capital Purchases					48,000.00	1,800,000.00	1,752,000.00
	\$ 2,247,150.27	\$ 1,800,000.00	\$ 326,507.34	\$ 638,075.52	\$ 49,702.37	\$ 1,957,988.23	\$ 1,957,988.23	\$ 3,685,879.72

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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 1,655,539.31
Increased by:		
Consumer Accounts Receivable		\$ 1,577,310.92
Sewer Rent Overpayments		92.36
Interest on Sewer Rents		14,381.36
Interest on Investments		1,600.16
Returned Check Fees		60.00
		<u>1,593,444.80</u>
		<u>3,248,984.11</u>
Decreased by:		
Disbursed to Sewer Treasurer		<u>3,199,515.29</u>
Balance December 31, 2012	E	<u>\$ 49,468.82</u>

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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 195,261.77
Increased by:		
Sewer Rents Levied		1,580,018.06
		<u>1,775,279.83</u>
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable		\$ 3,487.14
Sewer Collector - Cash Received		1,577,310.92
		<u>1,580,798.06</u>
Balance December 31, 2012	E	<u>\$ 194,481.77</u>

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 3,409.13
Increased by:		
Transfer from Consumer Accounts Receivable		\$ 3,487.14
Interest and Costs Accrued at Tax Sale		113.33
		<u>3,600.47</u>
		7,009.60
Decreased by:		
Sewer Lien Redemption		<u>3,936.32</u>
Balance December 31, 2012	E	<u>\$ 3,073.28</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u> <u>By Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Sewer Treatment Plant	\$ 26,285,386.85	\$ 300,000.00	\$ 26,585,386.85
Various Capital Improvements	187,459.91		187,459.91
General Equipment	426,102.19		426,102.19
	<u>\$ 26,898,948.95</u>	<u>\$ 300,000.00</u>	<u>\$ 27,198,948.95</u>

Ref.

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, 2011	2012 Authorization	Costs to Fixed Capital	Balance Dec. 31, 2012
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
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
12-08	04/17/12	Capital Purchases		\$ 1,800,000.00		1,800,000.00
			<u>\$ 7,542,400.00</u>	<u>\$ 1,800,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 9,042,400.00</u>
		<u>Ref.</u>	E			E

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</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	\$ 2,069.15	\$ 2,069.15	\$ 2,069.15	
Other Expenses	466,146.92	466,146.92	333,243.88	\$ 132,903.04
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	2,878.75	2,878.75	158.29	2,720.46
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,693.73	1,693.73	813.07	880.66
	<u>\$ 472,788.55</u>	<u>\$ 472,788.55</u>	<u>\$ 336,284.39</u>	<u>\$ 136,504.16</u>

Ref.Analysis of Balance December 31, 2011

Unencumbered	E	\$ 114,601.47
Encumbered	E	<u>358,187.08</u>
		<u>\$ 472,788.55</u>

Cash Disbursed	\$ 296,117.39
Accounts Payable	<u>40,167.00</u>
	<u>\$ 336,284.39</u>

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorization	Paid or Charged	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund			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	\$ 10,229.96					\$ 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			\$ 8,942.00		7,358.00	
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	
06-21	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/02/06	300,000.00	18,000.75			18,000.75			
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	394,550.00	275,277.20			60,599.25		214,677.95	
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	5,815,250.00	417,461.49	\$ 187,590.00		9,900.00	\$ 29,382.20	436,943.69	\$ 187,590.00
10-02	Purchase of Backhoe	03/16/10	100,000.00	20,121.00			15,722.48		4,398.52	
11-12	Purchase of Front End Loader	06/21/11	150,000.00	21,400.00					21,400.00	
12-08	Capital Purchases	04/17/12	1,800,000.00			\$ 1,800,000.00	48,000.00		1,752,000.00	
				\$ 891,162.00	\$ 187,590.00	\$ 1,800,000.00	\$ 161,164.48	\$ 29,382.20	\$ 2,559,379.72	\$ 187,590.00
<u>Ref.</u>				E	E				E	E
						<u>Ref.</u>				
						Cash Disbursed	\$ 49,702.37			
						Encumbrances	E 111,462.11			
							\$ 161,164.48			

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

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 957,671.46
Increased by:		
2012 Budget Appropriation		1,800,000.00
		<u>2,757,671.46</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,800,000.00
		<u>1,800,000.00</u>
Balance December 31, 2012	E	<u>\$ 957,671.46</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 27,021,400.93
Increased by:		
NJ Wastewater Treatment Loans Paid by Operating Budget	\$	31,190.05
NJ Environmental Infrastructure Trust Loans Paid by Operating Budget		121,909.49
Transferred from Deferred Reserve for Amortization		<u>300,000.00</u>
		<u>453,099.54</u>
Balance December 31, 2012	E	<u>\$ 27,474,500.47</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2011	2012 Authorization	Transferred to Reserve for Amortization	Balance Dec. 31, 2012
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
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
12-08	Capital Purchases	04/17/12		\$ 1,800,000.00		1,800,000.00
			<u>\$ 4,555,590.00</u>	<u>\$ 1,800,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 6,055,590.00</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, 2011	E	\$ 34,691.94	\$ 12,705.23
Decreased by:			
Loans Paid by Operating Budget		<u>24,691.94</u>	<u>6,498.11</u>
Balance December 31, 2012	E	<u>\$ 10,000.00</u>	<u>\$ 6,207.12</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340580-03-02
TRUST LOAN OUTSTANDING DECEMBER 31, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 10,000.00
38	2/1/13	<u>\$ 240.00</u>	<u>\$ 10,000.00</u>	-0-
		<u>\$ 240.00</u>	<u>\$ 10,000.00</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 1993 LOAN #S340580-03-02
FUND LOAN OUTSTANDING DECEMBER 31, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 6,207.12
38	2/1/13	<u>\$ 6,207.12</u>	-0-
		<u>\$ 6,207.12</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, 2011	E	\$ 1,335,000.00	\$ 1,294,370.85
Decreased by:			
Loans Paid by Operating Budget		<u>50,000.00</u>	<u>71,909.49</u>
Balance December 31, 2012	E	<u>\$ 1,285,000.00</u>	<u>\$ 1,222,461.36</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340874-04
TRUST LOAN OUTSTANDING DECEMBER 31, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 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>\$ 519,750.00</u>	<u>\$ 1,285,000.00</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, 2012

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 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>\$ 1,222,461.36</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2012</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
2012
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2012
BOND AND INTEREST FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
PART II - SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2012

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department/Cluster Title	C.F.D.A. Account No.	Name of Program/ State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>U.S. Department of 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	09/30/13	\$ 3,350.00		\$ 4,140.80
Total Department of Agriculture			7,000.00			3,350.00		4,140.80
<u>U.S. Department of Housing and Urban Development</u>	14.871	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	1,676,203.00	01/01/12	12/31/12	1,676,203.00	\$ 1,676,203.00	1,676,203.00
			1,877,250.00	01/01/10	12/31/12		47,841.13	1,877,250.00
			1,811,857.00	01/01/07	12/31/13		64,323.55	1,742,542.59
Total Department of Housing and Urban Development			5,365,310.00			1,676,203.00	1,788,367.68	5,295,995.59
<u>U.S. Department of Labor</u> (Passed thru State of NJ Department of Labor and Workforce Development)	17.275	ARRA - State Energy Sector Partnership and Training Grant: N.J. Youth Corps - N.J. Green Gateway Program - Brownfields Job Training	38,333.00	07/01/11	06/30/13	27,789.00	31,956.57	31,956.57
Total Department of Labor			38,333.00			27,789.00	31,956.57	31,956.57
<u>U.S. Department of Transportation</u> (Passed thru State of NJ Department of Transportation)	20.205	Highway Planning and Construction Cluster: Transportation Trust Fund Authority Act: Municipal Aid: Morris Street South Main Street Main Street Phase V	170,000.00	01/01/09	12/31/13	61,475.98	49,201.50	169,930.00
			185,260.00	01/01/11	12/31/12	138,945.00	185,260.00	185,260.00
			234,000.00	01/01/12	12/31/12		234,000.00	234,000.00
Total Highway Planning and Construction Cluster			589,260.00			200,420.98	468,461.50	589,190.00
	20.601	Drive Sober or Get Pulled Over	4,400.00	01/01/12	12/31/12	4,286.10	4,286.10	4,286.10
Total Department of Transportation			593,660.00			204,707.08	472,747.60	593,476.10

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department/Cluster Title	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>Department of Homeland Security</u> (Passed Through NJ Department of Law and Public Safety)	97.036	Disaster Grants - Public Assistance - FEMA	\$ 51,804.91	01/01/11	12/31/11	\$ 51,804.91	\$ 51,804.91 *	\$ 51,804.91
Total Department of Homeland Security			<u>51,804.91</u>			<u>51,804.91</u>	<u>51,804.91</u>	<u>51,804.91</u>
Total Federal Awards			<u>\$ 6,056,107.91</u>			<u>\$ 1,963,853.99</u>	<u>\$ 2,344,876.76</u>	<u>\$ 5,977,373.97</u>

* Expended in 2011.

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

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: Police Patrols VIII	763-020-2830-037-5825	\$ 25,600.00	02/01/11	01/31/12	\$ 6,912.00	\$ 6,912.00	\$ 25,600.00
Total Department of Commerce and Economic Growth			25,600.00			6,912.00	6,912.00	25,600.00
<u>Department of Law and Public Safety</u>								
	Drunk Driving Enforcement Fund		7,304.41	01/01/09	12/31/12		1,266.44	7,304.41
			12,647.86	01/01/10	12/31/13		3,403.49	3,403.49
			19,952.27				4,669.93	10,707.90
	Body Armor Replacement Grant	718-066-1020-001-6120	3,590.58	01/01/08	12/31/12		3,067.34	3,590.58
			1,403.46	01/01/10	12/31/12		1,403.46	1,403.46
			3,417.34	01/01/11	12/31/13		1,768.95	1,768.95
			3,564.80	01/01/13	12/31/13	3,564.80		
			11,976.18			3,564.80	6,239.75	6,762.99
	Office of Emergency Management - Emergency Management Grant	100-066-1200-726-6120	5,000.00	01/01/09	12/31/13		2,891.28	2,891.28
			5,000.00	01/01/10	12/31/12		173.78	5,000.00
			5,000.00	01/01/11	12/31/13		387.35	2,661.86
			5,000.00	01/01/12	12/31/13	5,000.00		
			20,000.00			5,000.00	3,452.41	10,553.14
Total Department of Law and Public Safety			51,928.45			8,564.80	14,362.09	28,024.03
<u>Highlands Council</u>								
	Initial Assessment Grant	N/A	15,000.00	01/01/09	12/31/12		3,295.41	15,000.00
	Plan Conformance Grant	N/A	217,800.00	01/01/09	12/31/13	45,929.63	59,328.55	104,167.63
Total Highlands Council			232,800.00			45,929.63	62,623.96	119,167.63
<u>Department of Labor and Workforce Development</u>								
	N.J. Youth Corps - 2011 - ALWY12N	100-062-4545-095-6140	484,578.00	07/01/11	06/30/12	254,380.00	353,756.00	484,578.00
	N.J. Youth Corps - 2012 - ALWY13N	100-062-4545-095-6140	497,893.00	07/01/12	06/30/13	216,155.00	90,876.00	90,876.00
Total Department of Labor and Workforce Development			982,471.00			470,535.00	444,632.00	575,454.00

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

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 Environmental Protection</u>								
	NJ Environmental Infrastructure Trust Loan	S340874-04	\$ 1,414,220.00	12/17/09	12/17/11	\$ 21,989.31	\$ 21,989.31	\$ 948,056.31
	Clean Communities Grant	765-042-4900- 004-6020	28,010.91	01/01/10	12/31/12		91.95	28,010.91
			26,274.84	01/01/11	12/31/12		6,685.64	26,274.84
			26,352.57	01/01/12	12/31/13	25,835.21	18,024.42	18,024.42
			80,638.32			25,835.21	24,802.01	72,310.17
	Recycling Grant	752-042-4900- 001-6020	7,280.46	01/01/07	12/31/13		1,211.00	4,981.42
			22,521.00	01/01/12	12/31/13	22,521.00		
			29,801.46			22,521.00	1,211.00	4,981.42
Total Department of Environmental Protection			1,524,659.78			70,345.52	48,002.32	1,025,347.90
<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	01/01/11	12/31/11	5,437.83		11,968.00
			11,968.00	01/01/12	12/31/13	6,215.90	11,643.00	11,643.00
Total Department of Treasury			23,936.00			11,653.73	11,643.00	23,611.00
Total State Awards			\$ 2,841,395.23			\$ 613,940.68	\$ 588,175.37	\$ 1,797,204.56

N/A - Not Available

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

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, 2012, the Town has \$5,000.00 and \$2,181.72 of NJ Wastewater Treatment Trust and Fund Loans Payable outstanding which are recorded in the General Capital Fund. The Town also has \$10,000.00 and \$6,207.12 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, 2012
(Continued)

G. GREEN ACRES LOANS PAYABLE

At December 31, 2012, the Town has a \$177,184.82 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, 2012, the Town has \$1,285,000.00 and \$1,222,461.36 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, 2012, the Town has received and expended \$2,362,276.31 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 finalized in 2013.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

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

We have audited 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, 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, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 29, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

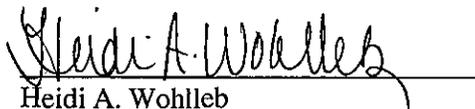
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
April 29, 2013

NISIVOCCIA LLP



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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance for Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Town of Phillipsburg's (the "Town's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that that could have a direct and material effect on each of the Town's major federal and state programs for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

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

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town's internal control over compliance.

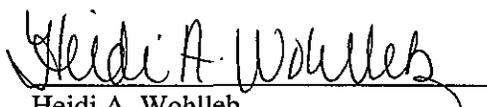
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
April 29, 2013

NISIVOCCIA LLP



Heidi A. Wohlleb

Registered Municipal Accountant No. 481
Certified Public Accountant

TOWN OF PHILLIPSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the Town's financial statements for 2012 prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- 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 OMB's Circular 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, 2012 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	\$ 1,788,367.68
Highway Planning and Construction Cluster:		
Municipal Aid Program:		
Morris Street	20.205	49,201.50
South Main Street	20.205	185,260.00
Main Street Phase V	20.205	234,000.00
<u>State:</u>		
N.J. Youth Corps - 2011 - ALWY12N	100-062-4545-095-6140	353,756.00
N.J. Youth Corps - 2012 - ALWY13N	100-062-4545-095-6140	90,876.00

- 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.

TOWN OF PHILLIPSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

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 OMB's Circular 04-04 or Federal OMB Circular A-133.

TOWN OF PHILLIPSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

There were no prior year findings.

TOWN OF PHILLIPSBURG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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 May 25, 2012, 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>
2012	32
2011	31
2010	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 2013 Taxes	20
Payments of 2012 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 2012 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State of New Jersey	\$ 13,064.19	\$ 167,616.09	\$ 170,841.59	\$ 9,838.69
County	13,282.50	118,306.86	125,810.86	5,778.50
Municipality	34,020.26	342,523.60	354,956.05	21,587.81
Municipality - POAA	18.00	174.00	184.00	8.00
Conditional Discharge	58.00	1,200.00	1,258.00	
Public Defender	225.00	2,186.00	2,286.00	125.00
Weights and Measures		6,400.00	6,400.00	
SPCA		99.00	99.00	
Restitution		1,128.00	1,128.00	
Fish and Game		325.00	325.00	
	<u>\$ 60,667.95</u>	<u>\$ 639,958.55</u>	<u>\$ 663,288.50</u>	<u>\$ 37,338.00</u>

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Surety Bond Coverage

During our review of the surety bond coverage, we noted that the Town did not have the statutorily required coverage for the tax collector. However, as the Town has increased the surety bond coverage for the tax collector to the required amount as of the date of this report, a formal recommendation is not deemed necessary.

New Jersey Environmental Infrastructure Trust ("NJEIT") Loan Receivable

In 2012, the Town submitted a reimbursement request to the NJEIT for expenditures related to the improvements to the sewage treatment plant. As a result, the Town received \$302,957.69 in grant reimbursements in excess of cumulative expenditures to date. Since the Town has set up a payable to the NJEIT for this amount as of December 31, 2012 and is in the process of amending its last reimbursement request, 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.

Corrective Action Plan

There were no recommendations from the 2011 audit.

TOWN OF PHILLIPSBURG
SUMMARY OF RECOMMENDATIONS

NONE
