

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

REPORT OF AUDIT

2013

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
REPORT OF AUDIT
2013

TOWN OF PHILLIPSBURG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2013

<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>
	1-18
	<u>Schedule</u>
<u>Supplementary Data</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 2012 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, 2013
 (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 2012 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 Bonds Anticipation Notes Payable - Sewer Utility Capital Fund	E-17
Schedule of Serial Bonds Payable - Sewer Utility Capital Fund (Not Applicable)	E-18
Schedule of Bonds and Notes Authorized but not Issued - Sewer Utility Capital Fund	E-19
 <u>Part II – Single Audit</u>	 <u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2-3
Notes to Schedules of Expenditures of Federal and State Awards	4-5
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	6-7
Independent Auditors' Report on Compliance For Major Federal and State Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular 04-04	8-9
Schedule of Findings and Questioned Costs	10-11
Summary Schedule of Prior Audit Findings	12

TOWN OF PHILLIPSBURG
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Page</u>
<u>Part III</u> – Comments and Recommendations	
Comments and Recommendations	13-16
Summary of Recommendations	17

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

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, 2013 and 2012, 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 practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 audits 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, the financial statements are prepared by the Town on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the 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 above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Town as of December 31, 2013 and 2012, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Town as of December 31, 2013 and 2012, 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 accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, 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's OMB 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 various fund 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 various fund financial statements or to the various fund 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.

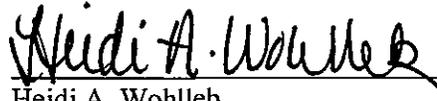
The Honorable Mayor and Members
of the Town Council
Town of Phillipsburg
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 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
March 27, 2014

NISIVOCCIA LLP



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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 6,580,001.87	\$ 4,573,914.69
Cash - Collector	A-5	497,739.76	572,998.16
Cash - Clerk	A-5a	8,685.88	4,270.00
Change Funds		1,050.00	1,050.00
		<u>7,087,477.51</u>	<u>5,152,232.85</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	923,760.30	1,045,805.36
Tax Title Liens Receivable	A-8	169,710.54	314,044.71
Property Acquired for Taxes at Assessed Valuation		1,263,500.00	1,080,900.00
Municipal Lien Charges Receivable	A-8a	29,923.35	45,573.35
Municipal Charges Receivable	A-8b	76,265.37	4,755.26
Revenue Accounts Receivable	A-9	22,497.75	21,587.81
Due from:			
Federal and State Grant Fund	A		14,775.30
Other Trust Funds	B		164.47
Claims Account		2,349.01	219.18
Payroll Accounts		16.83	54.25
Total Receivables and Other Assets With Full Reserves	A	<u>2,488,023.15</u>	<u>2,527,879.69</u>
Deferred Charges:			
Emergency Authorization	A-3	94,095.00	
Total Regular Fund		<u>9,669,595.66</u>	<u>7,680,112.54</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	989,072.27	1,154,150.56
Due from Current Fund	A	433,491.18	
		<u>1,422,563.45</u>	<u>1,154,150.56</u>
<u>TOTAL ASSETS</u>		<u>\$ 11,092,159.11</u>	<u>\$ 8,834,263.10</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 1,054,441.95	\$ 1,118,651.90
Encumbered	A-3;A-11	277,431.56	156,971.54
Total Appropriation Reserves		<u>1,331,873.51</u>	<u>1,275,623.44</u>
Other Encumbrances Payable:			
Reserve for Library		19,170.57	7,378.34
Reserve for Boiler Room			7,594.84
Reserve for Revaluation		600.00	
Accounts Payable - Vendors		4,248.53	7,594.48
Prepaid Taxes		188,177.94	135,731.28
Tax Overpayments		230.06	586.51
County Taxes Payable			5,544.36
Local School Taxes Payable	A-12	1,099,513.00	825,826.00
Due to:			
Federal and State Grant Fund	A	433,491.18	
Animal Control Fund	B		59.70
Other Trust Funds	B	25,011.82	
General Capital Fund	C	19,182.40	23,929.37
State of New Jersey:			
Senior Citizen and Veteran Deductions		55,665.13	52,262.39
Marriage License Fees		1,025.00	1,000.00
Burial Permit Fees			5.00
Dog License Fees			1.80
Reserve for:			
Library		327,680.67	328,334.04
Sale of Municipal Assets		27,173.90	27,173.90
Tax Sale Premiums		294,500.00	239,500.00
Redemption of Outside Liens		60,225.23	7,543.08
Revaluation		28,149.52	34,599.52
Tax Appeals		609,219.69	349,629.67
		<u>4,525,138.15</u>	<u>3,329,917.72</u>
Reserve for Receivables and Other Assets	A	2,488,023.15	2,527,879.69
Fund Balance	A-1	2,656,434.36	1,822,315.13
Total Regular Fund		<u>9,669,595.66</u>	<u>7,680,112.54</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-13	1,112,933.39	1,016,728.61
Unappropriated Reserves	A-14	32,129.56	27,827.88
Reserve for Encumbrances		277,500.50	94,818.77
Due to Current Fund	A		14,775.30
Total Federal and State Grant Fund		<u>1,422,563.45</u>	<u>1,154,150.56</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,092,159.11</u>	<u>\$ 8,834,263.10</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 - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2013	2012
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 719,000.00	\$ 940,500.00
Miscellaneous Revenue Anticipated		4,995,923.04	4,567,289.83
Receipts from:			
Delinquent Taxes		1,086,565.33	1,004,707.54
Current Taxes		25,573,710.61	24,684,811.50
Nonbudget Revenue		388,188.17	302,906.53
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		793,369.09	338,491.20
Cancellation of Federal and State Grant Fund			
Appropriated Reserves			139,002.27
Cancellation of Tax Overpayments		5.00	
Interfunds and Other Receivables Returned		15,213.20	742.45
Total Income		<u>33,571,974.44</u>	<u>31,978,451.32</u>
<u>Expenditures</u>			
Budget Appropriations		16,101,300.31	15,751,203.00
County Taxes		6,199,372.87	6,175,665.68
County Share of Added and Omitted Taxes		2,807.19	5,544.36
Local School District Taxes		9,504,104.00	8,961,844.00
Refund of Prior Year Revenue			1,048.59
Prior Year Senior Citizens' Deductions Disallowed		3,000.00	5,500.00
Cancellation of Federal and State Grant Fund Receivables			138,994.27
Interfunds and Other Receivables Advanced		2,365.84	15,213.20
Reserve for Tax Appeals		300,000.00	
Total Expenditures		<u>32,112,950.21</u>	<u>31,055,013.10</u>
Excess in Revenue		1,459,024.23	923,438.22
Adjustments before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		94,095.00	
Statutory Excess to Fund Balance		1,553,119.23	923,438.22
<u>Fund Balance</u>			
Balance January 1		<u>1,822,315.13</u>	<u>1,839,376.91</u>
		3,375,434.36	2,762,815.13
Decreased by:			
Utilized as Anticipated Revenue		719,000.00	940,500.00
Balance December 31	A	<u>\$ 2,656,434.36</u>	<u>\$ 1,822,315.13</u>

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

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 719,000.00		\$ 719,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	32,500.00		32,790.00	\$ 290.00
Other	10,000.00		17,839.00	7,839.00
Fees and Permits	78,000.00		90,687.12	12,687.12
Fines and Costs:				
Municipal Court	320,000.00		283,441.09	36,558.91 *
Interest and Costs on Taxes	200,000.00		235,466.68	35,466.68
Interest on Investments and Deposits	32,000.00		24,668.71	7,331.29 *
Payment in Lieu of Taxes - Federal Housing Project	128,644.00		138,589.38	9,945.38
Payment in Lieu of Taxes - Sewage Treatment	83,500.00		83,500.00	
Consolidated Municipal Property Tax Relief Aid	466,667.00		466,667.00	
Energy Receipts Tax	1,538,734.00		1,538,733.86	0.14 *
Uniform Construction Code Fees	200,000.00		268,439.01	68,439.01
Recycling Tonnage Grant	22,521.00		22,521.00	
Drunk Driving Enforcement Fund		\$ 8,519.67	8,519.67	
Clean Communities Program	26,352.57	3,980.05	30,332.62	
Municipal Alliance on Alcoholism and Drug Abuse - State	11,968.00		11,968.00	
N.J. Youth Corps - 2013 - ALWY14N		529,294.00	529,294.00	
Body Armor Replacement Grant	3,564.80		3,564.80	
Municipal Alliance on Alcoholism and Drug Abuse:				
Board of Education Match	1,500.00		1,500.00	
Warren County DARE Officers Association	242.08		242.08	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
NJ Department of Law and Public Safety:				
Drive Sober or Get Pulled Over - Holiday Crackdown		\$ 4,400.00	\$ 4,400.00	
Cops In Shops - College/Fall Initiative		2,800.00	2,800.00	
Restoration Central Railroad of NJ Interlocking Tower		60,850.00	60,850.00	
Westminster Presbyterian Church Stained Glass Window		98,000.00	98,000.00	
N.J. Transportation Trust Fund Authority Act:				
2013 Municipal Aid - Sitgreaves Street		267,260.00	267,260.00	
St. Luke's Warren Campus Hospital Donation - Pool		10,000.00	10,000.00	
Shared Service Agreement - Borough of Alpha:				
Police Services	\$ 385,000.00		385,000.00	
Utility Operating Surplus of Prior Year	300,000.00		300,000.00	
Pool Receipts and Passes	18,000.00		18,849.02	\$ 849.02
Rental of Town Facilities - Former Armory and Town Garage	60,000.00		60,000.00	
Total Miscellaneous Revenue	<u>3,919,193.45</u>	<u>985,103.72</u>	<u>4,995,923.04</u>	<u>91,625.87</u>
Receipts from Delinquent Taxes	<u>950,000.00</u>		<u>1,086,565.33</u>	<u>136,565.33</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,586,226.98		11,019,180.32	432,953.34
Minimum Library Tax	309,855.52		309,855.52	
	<u>10,896,082.50</u>		<u>11,329,035.84</u>	<u>432,953.34</u>
Budget Totals	16,484,275.95	985,103.72	18,130,524.21	661,144.54
Nonbudget Revenue			388,188.17	388,188.17
	<u>\$ 16,484,275.95</u>	<u>\$ 985,103.72</u>	<u>\$ 18,518,712.38</u>	<u>\$ 1,049,332.71</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Allocation of Current Tax Collections

Collections		\$ 25,573,710.61
Allocated to:		
County Taxes	\$ 6,199,372.87	
Due to County for Added and Omitted Taxes	2,807.19	
School Taxes	<u>9,504,104.00</u>	
		<u>15,706,284.06</u>
		9,867,426.55
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,461,609.29</u>
Realized for Support of Municipal Budget		<u>\$ 11,329,035.84</u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	\$ 980,606.17	
Tax Title Liens Redeemed	<u>105,959.16</u>	
		<u>\$ 1,086,565.33</u>
<u>Interest on Investments and Deposits:</u>		
Cash Received - Treasurer	\$ 16,146.78	
Cash Received - Collector	8,258.33	
Cash Received - Clerk	38.35	
Due from Other Trust Funds	34.18	
Due from General Capital Fund	97.76	
Due from Payroll Accounts	16.83	
Due from Claims Account	<u>76.48</u>	
		<u>\$ 24,668.71</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Cable TV Franchise Fee	\$	47,392.00	
Other Miscellaneous Receipts		30,123.97	
Recycling Revenue		8,281.20	
Tax Lien Discharge Fees		2,100.00	
Library Fees		765.00	
Administrative Fee - Senior Citizens and Veterans Deductions		3,278.96	
Returned Check Fees		365.00	
Restitution		1,214.52	
Police Outside Services - Administrative Fees		19,760.89	
Workers' Compensation and Other Insurance Refunds		56,308.70	
Pavilion Rental Fees		1,075.00	
Public Works Billings Reimbursements		2,150.00	
Gasoline Billings Reimbursements		20,590.33	
Parking Authority Receipts		2,473.54	
FEMA Reimbursements - Super Storm Sandy		51,162.70	
FEMA Reimbursements - Hurricane Irene		1,110.23	
Proceeds from Sale of Foreclosed Properties		52,500.00	
Proceeds from Sale of Fire Truck		28,000.00	
		28,000.00	\$ 328,652.04

Tax Sale Premium Cancelled 8,600.00

Clerk - Other Miscellaneous 335.60

Collector:

Municipal Charges Receivable Collections		25,183.77	
Tax Sale Costs		19,011.11	
Other Miscellaneous		4,133.12	
		48,328.00	48,328.00

Due from Claims Account:

Refund of Payroll Expenses 2,272.53

\$ 388,188.17

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

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 92,125.00	\$ 53,075.00	\$ 25,731.61	\$ 27,343.39	
Other Expenses	87,250.00	112,250.00	58,496.02	53,753.98	
Human Resources:					
Other Expenses	12,000.00	17,000.00	12,825.00	4,175.00	
Mayor and Council:					
Salaries and Wages	51,250.00	51,250.00	50,267.17	982.83	
Other Expenses	10,975.00	10,975.00	8,592.56	2,382.44	
Municipal Clerk:					
Salaries and Wages	82,700.00	82,700.00	78,518.77	4,181.23	
Other Expenses	22,300.00	27,300.00	27,162.94	137.06	
Financial Administration:					
Salaries and Wages	128,150.00	104,650.00	84,846.90	19,803.10	
Other Expenses	10,350.00	20,350.00	13,694.63	6,655.37	
Audit Services	42,546.25	35,046.25	33,360.00	1,686.25	
Revenue Administration:					
Salaries and Wages	60,150.00	80,150.00	74,590.12	5,559.88	
Other Expenses	12,795.00	13,795.00	13,510.68	284.32	
Tax Assessment Administration:					
Salaries and Wages	89,875.00	89,875.00	89,459.69	415.31	
Other Expenses (N.J.S.A. 40A: 4-48 + \$94,095.00)	16,240.00	110,335.00	108,318.52	2,016.48	
Legal Services:					
Other Expenses	195,000.00	195,000.00	164,432.63	30,567.37	
Engineering Services:					
Other Expenses	60,000.00	60,000.00	32,800.00	27,200.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	\$ 2,000.00	\$ 2,000.00	\$ 250.00	\$ 1,750.00	
Zoning Board:					
Other Expenses	1,500.00	1,500.00		1,500.00	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	3,421,000.00	3,421,000.00	3,248,176.93	172,823.07	
Other Expenses	200,755.00	200,755.00	158,954.75	41,800.25	
Safe and Clean Program - Salaries and Wages	177,315.00	177,315.00	177,315.00		
Supplemental Safe Neighborhood Program:					
Salaries and Wages	53,657.00	53,657.00	53,657.00		
Emergency Management Services:					
Salaries and Wages	6,600.00	6,600.00	6,512.72	87.28	
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	9,960.00	9,960.00	9,189.68	770.32	
Other Expenses	55,300.00	55,300.00	54,953.19	346.81	
Supplemental Fire Services Program	7,000.00	7,000.00	7,000.00		
Municipal Prosecutor:					
Salaries and Wages	32,575.00	32,575.00	32,524.96	50.04	
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	426,500.00	426,500.00	420,103.15	6,396.85	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(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	\$ 112,176.47	\$ 8,123.53	
Other Public Works Functions:					
Salaries and Wages	31,250.00	31,250.00	30,026.77	1,223.23	
Other Expenses	8,450.00	8,450.00	8,073.04	376.96	
PEOSHA	5,000.00	5,000.00	4,932.58	67.42	
Solid Waste Collections:					
Salaries and Wages	413,550.00	413,550.00	412,134.45	1,415.55	
Other Expenses	9,000.00	9,000.00	7,103.78	1,896.22	
Buildings and Grounds:					
Salaries and Wages	335,700.00	323,700.00	304,716.75	18,983.25	
Other Expenses	88,620.00	88,620.00	88,547.75	72.25	
Vehicle Maintenance:					
Salaries and Wages	66,600.00	66,600.00	63,327.97	3,272.03	
Other Expenses	133,580.00	133,580.00	122,401.39	11,178.61	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	18,260.00	18,260.00	15,520.08	2,739.92	
Other Expenses	15,978.00	15,978.00	11,718.24	4,259.76	
Contributions to Social Services:					
Other Expenses	55,500.00	55,500.00	41,916.32	13,583.68	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	118,700.00	118,700.00	114,770.15	3,929.85	
Other Expenses	46,170.00	46,170.00	45,624.12	545.88	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(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	\$ 52,000.00	\$ 49,730.70	\$ 2,269.30	
Other Expenses	20,000.00	20,000.00	19,092.60	907.40	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	150,000.00	150,000.00	112,038.37	37,961.63	
Street Lighting	190,000.00	190,000.00	149,450.56	40,549.44	
Telephone:					
Other Expenses	65,000.00	65,000.00	62,904.36	2,095.64	
Water	133,000.00	143,000.00	109,273.66	33,726.34	
Gas (Natural or Propane)	30,000.00	32,000.00	29,585.97	2,414.03	
Gasoline	250,000.00	250,000.00	199,374.43	50,625.57	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Waste Disposal:					
Other Expenses	492,000.00	492,000.00	454,073.11	37,926.89	
Municipal Court:					
Salaries and Wages	263,000.00	263,000.00	228,609.77	34,390.23	
Other Expenses	17,980.00	17,980.00	17,715.39	264.61	
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	8,200.00	8,200.00	8,151.44	48.56	
INSURANCE:					
Liability Insurance	294,446.00	294,446.00	293,395.00	1,051.00	
Workers Compensation Insurance	195,615.00	195,615.00	194,706.87	908.13	
Employee Group Insurance	1,421,482.16	1,421,482.16	1,170,364.19	251,117.97	
Health Benefit Waivers	15,000.00	15,000.00		15,000.00	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
UNIFORM CONSTRUCTION CODE:					
Code Enforcement:					
Salaries and Wages	\$ 323,300.00	\$ 323,300.00	\$ 315,457.06	\$ 7,842.94	
Other Expenses	18,150.00	18,150.00	14,715.06	3,434.94	
Total Operations Within "CAPS"	10,802,899.41	10,887,944.41	9,881,073.02	1,006,871.39	
Detail:					
Salaries and Wages	6,267,417.00	6,207,867.00	5,893,338.84	314,528.16	
Other Expenses	4,535,482.41	4,680,077.41	3,987,734.18	692,343.23	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	369,284.00	378,334.00	378,331.03	2.97	
Social Security System (O.A.S.I.)	260,000.00	260,000.00	252,199.10	7,800.90	
Consolidated Police and Firemen's Pension Fund	9,572.00	9,572.00	9,572.00		
Police and Firemen's Retirement System of NJ	792,592.00	792,592.00	792,592.00		
Unemployment Compensation Insurance	24,990.00	24,990.00	21,978.24	3,011.76	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,456,438.00	1,465,488.00	1,454,672.37	10,815.63	
Total General Appropriations for Municipal Purposes Within "CAPS"	12,259,337.41	12,353,432.41	11,335,745.39	1,017,687.02	

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(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	\$ 473,618.07	\$ 26,381.93	
Recycling Tax (P.L.2007, C.311)	26,000.00	26,000.00	15,627.00	10,373.00	
Employee Group Insurance	67,940.00	67,940.00	67,940.00		
Shared Service Agreement - Borough of Alpha:					
Police Services	385,000.00	385,000.00	385,000.00		
Public and Private Program Offset by Revenue:					
Reserve for Recycling Tonnage Grant	22,521.00	22,521.00	22,521.00		
Clean Communities Program					
(N.J.S.A. 40A:4-87 + \$3,980.05)	26,352.57	30,332.62	30,332.62		
Municipal Alliance on Alcoholism and Drug Abuse:					
Board of Education	1,500.00	1,500.00	1,500.00		
State	11,968.00	11,968.00	11,968.00		
Local	2,940.00	2,940.00	2,940.00		
Warren County DARE Officers Association	242.08	242.08	242.08		
N.J. Youth Corps - 2013 - ALWY14N					
(N.J.S.A. 40A:4-87 + \$529,294.00)		529,294.00	529,294.00		
Body Armor Replacement Grant	3,564.80	3,564.80	3,564.80		
Drunk Driving Enforcement Grant					
(N.J.S.A. 40A:4-87 + \$8,519.67)		8,519.67	8,519.67		
St. Luke's Warren Campus Hospital Donation - Pool					
(N.J.S.A. 40A:4-87 + \$10,000.00)		10,000.00	10,000.00		
NJ Department of Law and Public Safety:					
Drive Sober or Get Pulled Over - Holiday Crackdown					
(N.J.S.A. 40A:4-87 + \$4,400.00)		4,400.00	4,400.00		
Cops In Shops - College/Fall Initiative					
(N.J.S.A. 40A:4-87 + \$2,800.00)		2,800.00	2,800.00		

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public and Private Program Offset by Revenue: (Cont'd)					
Restoration Central Railroad of NJ Interlocking Tower (N.J.S.A. 40A:4-87 + \$60,850.00)		\$ 60,850.00	\$ 60,850.00		
Westminster Presbyterian Church Stained Glass Window (N.J.S.A. 40A:4-87 + \$98,000.00)		98,000.00	98,000.00		
Total Operations Excluded from "CAPS"	\$ 1,048,028.45	1,765,872.17	1,729,117.24	\$ 36,754.93	
Detail:					
Other Expenses	1,048,028.45	1,765,872.17	1,729,117.24	36,754.93	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	30,875.00	30,875.00	30,875.00		
New Jersey Transportation Trust Fund Authority Act - Sitgreaves Street (N.J.S.A. 40A:4-87 + \$267,260.00)		267,260.00	267,260.00		
Total Capital Improvements Excluded from "CAPS"	30,875.00	298,135.00	298,135.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	605,000.00	605,000.00	605,000.00		
Payment of Bond Anticipation Notes	930,000.00	930,000.00	930,000.00		
Interest on Bonds	54,700.00	54,700.00	54,540.06		\$ 159.94
Interest on Notes	71,680.00	71,680.00	71,479.92		200.08
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	15,545.80	15,545.80	15,545.80		

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS": (Cont'd)					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	\$ 7,500.00	7,500.00	\$ 7,294.95		\$ 205.05
Total Municipal Debt Service Excluded from "CAPS"	1,684,425.80	1,684,425.80	1,683,860.73		565.07
Total General Appropriations Excluded from "CAPS"	2,763,329.25	3,748,432.97	3,711,112.97	\$ 36,754.93	565.07
Subtotal General Appropriations	15,022,666.66	16,101,865.38	15,046,858.36	1,054,441.95	565.07
Reserve for Uncollected Taxes	1,461,609.29	1,461,609.29	1,461,609.29		
Total General Appropriations	<u>\$ 16,484,275.95</u>	<u>\$ 17,563,474.67</u>	<u>\$ 16,508,467.65</u>	<u>\$ 1,054,441.95</u>	<u>\$ 565.07</u>

Ref.

A

TOWN OF PHILLIPSBURG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 16,484,275.95	
Added by:			
N.J.S.A. 40A:4-87		985,103.72	
Emergency Authorization N.J.S.A. 40A: 4-48	A	94,095.00	
		\$ 17,563,474.67	
Cash Disbursed			\$ 13,875,501.45
Reserve for Uncollected Taxes			1,461,609.29
Encumbrances	A		277,431.56
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			1,051,252.17
Local Matching Funds			2,940.00
			16,668,734.47
Less: Appropriation Refunds			160,266.82
			\$ 16,508,467.65

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
TRUST FUNDS

TOWN OF PHILLIPSBURG
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 20,774.64	\$ 13,434.92
Due from Current Fund	A		59.70
		<u>20,774.64</u>	<u>13,494.62</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	895,633.35	853,359.71
Due from Current Fund	A	25,011.82	
Community Development Revolving Loan Program Receivable		489,420.14	541,193.26
		<u>1,410,065.31</u>	<u>1,394,552.97</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,430,839.95</u>	<u>\$ 1,408,047.59</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	10,824.64	3,494.62
Reserve for Donation for Dog Park		9,950.00	10,000.00
		<u>20,774.64</u>	<u>13,494.62</u>
Other Trust Funds:			
Due to Current Fund	A		164.47
Reserve for:			
Federally Funded Housing Assistance Program (Section 8)		156,887.42	216,044.94
Planning Board/Zoning Board Escrow		187,052.40	195,513.37
Community Development Revolving Loan Program		805,490.37	805,051.64
Parking Offense Adjudication Act		2,080.56	1,905.56
Bernards Township R.C.A. Program		107,444.93	107,002.41
Accumulated Sick and Vacation		49,045.48	21,156.77
Police Outside Services		20,190.47	10,864.26
Other Deposits		4,850.00	250.00
Small Cities Block Grants		13,817.75	10,609.75
Neighborhood Preservation Grant		8,442.24	8,442.24
Donations for Celebration of Public Events		9,979.94	
Snow Removal		25,000.00	
Public Defender Fees		19,021.13	16,127.26
Flexible Spending Benefits		762.62	1,420.30
		<u>1,410,065.31</u>	<u>1,394,552.97</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,430,839.95</u>	<u>\$ 1,408,047.59</u>

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

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 605,912.30	\$ 467,245.09
Due from Current Fund	A	19,182.40	23,929.37
Prospective Assessments Funded by Taxation		105,839.99	105,839.99
Deferred Charges to Future Taxation:			
Funded		803,122.71	1,427,366.54
Unfunded	C-4	9,492,856.01	9,937,887.01
<u>TOTAL ASSETS</u>		<u>\$ 11,026,913.41</u>	<u>\$ 11,962,268.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 638,000.00	\$ 1,243,000.00
NJ Wastewater Treatment Loans Payable:			
Trust	C-9		5,000.00
Fund	C-9		2,181.72
Green Acres Loan Payable	C-9a	165,122.71	177,184.82
Bond Anticipation Notes Payable	C-7	4,413,727.00	4,778,602.00
Improvement Authorizations:			
Funded	C-5	10,000.00	
Unfunded	C-5	5,330,862.97	5,265,293.13
Capital Improvement Fund	C-6	5,621.84	621.84
Reserve for:			
Encumbrances		299,029.49	316,642.09
Improvements		25,000.00	25,000.00
Purchase of Fire Vehicle			6,656.00
Boiler Room		19,280.16	19,280.16
Prospective Assessments Funded by Taxation		105,839.99	105,839.99
Fund Balance	C-1	14,429.25	16,966.25
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 11,026,913.41</u>	<u>\$ 11,962,268.00</u>

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

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 16,966.25
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>2,537.00</u>
Balance December 31, 2013	C	<u>\$ 14,429.25</u>

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2013	2012
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	E-4	\$ 1,792,368.98	\$ 2,223,417.76
Cash and Cash Equivalents - Collector	E-6	54,084.22	49,468.82
Change Fund		500.00	500.00
		<u>1,846,953.20</u>	<u>2,273,386.58</u>
Due from Sewer Utility Capital Fund	E	781.47	
		<u>1,847,734.67</u>	<u>2,273,386.58</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-7	153,317.40	194,481.77
Other Municipalities Accounts Receivable		16,111.72	
Sewer Liens Receivable	E-8	1,021.08	3,073.28
Total Receivables with Full Reserves	E	<u>170,450.20</u>	<u>197,555.05</u>
Total Operating Fund		<u>2,018,184.87</u>	<u>2,470,941.63</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	4,282,614.71	3,685,879.72
Due from Sewer Utility Operating Fund	E		15,583.58
NJ Environmental Infrastructure Trust Loan Receivable:			
Trust		162,574.82	465,532.51
Fixed Capital	E-9	27,198,948.95	27,198,948.95
Fixed Capital Authorized and Uncompleted	E-10	17,339,900.00	9,042,400.00
Total Capital Fund		<u>48,984,038.48</u>	<u>40,408,344.76</u>
<u>TOTAL ASSETS</u>		<u>\$ 51,002,223.35</u>	<u>\$ 42,879,286.39</u>

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

	Ref.	December 31,	
		2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 251,765.08	\$ 282,962.27
Encumbered	E-3;E-11	4,792.74	32,751.64
Total Appropriation Reserves		<u>256,557.82</u>	<u>315,713.91</u>
Accounts Payable - Vendors			40,167.00
Accrued Interest on Loans		21,625.00	22,866.67
Accrued Interest on Notes		91.67	
Due to Sewer Utility Capital Fund	E		<u>15,583.58</u>
		<u>278,274.49</u>	<u>394,331.16</u>
Reserve for Receivables	E	170,450.20	197,555.05
Fund Balance	E-1	<u>1,569,460.18</u>	<u>1,879,055.42</u>
Total Operating Fund		<u>2,018,184.87</u>	<u>2,470,941.63</u>
Capital Fund:			
New Jersey Wastewater Treatment Loans Payable:			
Trust	E-16		10,000.00
Fund	E-16		6,207.12
NJ Environmental Infrastructure Trust Loan Payable:			
Trust	E-16a	1,235,000.00	1,285,000.00
Fund	E-16a	1,150,551.87	1,222,461.36
Bond Anticipation Notes Payable	E-17	275,000.00	
Due to NJ Department of Environmental Protection			302,957.69
Improvement Authorizations:			
Funded	E-12	2,608,728.72	2,559,379.72
Unfunded	E-12	7,769,099.76	187,590.00
Due to Sewer Utility Operating Fund	E	781.47	
Capital Improvement Fund	E-13	1,467,671.46	957,671.46
Reserve for:			
Encumbrances		171,117.21	111,462.11
Amortization	E-14	27,612,617.08	27,474,500.47
Deferred Amortization	E-15	6,445,590.00	6,055,590.00
NJ Environmental Infrastructure Trust Loan Receivable		28,588.82	28,588.82
Sewer Improvements		34,952.00	5,452.00
Variable Frequency Drive Replacement/Rewire			17,143.92
Fund Balance	E-1a	<u>184,340.09</u>	<u>184,340.09</u>
Total Capital Fund		<u>48,984,038.48</u>	<u>40,408,344.76</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 51,002,223.35</u>	<u>\$ 42,879,286.39</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 - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2013</u>	<u>2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,120,935.76	\$ 1,040,000.00
Rents		3,618,992.80	3,608,661.33
Reserve for Sewer Improvements			460,000.00
Nonbudget Revenue		94,225.28	73,671.28
Other Credits to Income:			
Appropriation Reserves Lapsed		296,927.26	136,504.16
Accounts Payable Cancelled		6,809.00	
Total Income		<u>5,137,890.10</u>	<u>5,318,836.77</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		2,888,369.74	2,937,386.25
Capital Improvements		900,000.00	1,800,000.00
Debt Service		209,179.84	229,304.11
Deferred Charges and Statutory Expenditures		29,000.00	29,000.00
Total Expenditures		<u>4,026,549.58</u>	<u>4,995,690.36</u>
Excess in Revenue		1,111,340.52	323,146.41
<u>Fund Balance</u>			
Balance January 1		<u>1,879,055.42</u>	<u>2,895,909.01</u>
		2,990,395.94	3,219,055.42
Decreased by:			
Utilization as Anticipated Revenue		1,120,935.76	1,040,000.00
Prior Year Fund Balance Anticipated as Current Fund Revenue		<u>300,000.00</u>	<u>300,000.00</u>
Balance December 31	E	<u>\$ 1,569,460.18</u>	<u>\$ 1,879,055.42</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 - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2012	E	<u>\$ 184,340.09</u>
Balance December 31, 2013	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 - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 1,120,935.76	\$ 1,120,935.76	
Rents	<u>3,572,433.98</u>	<u>3,618,992.80</u>	\$ 46,558.82
	4,693,369.74	4,739,928.56	46,558.82
 Nonbudget Revenue		 94,225.28	 94,225.28
	<u>\$ 4,693,369.74</u>	<u>\$ 4,834,153.84</u>	<u>\$ 140,784.10</u>
 <u>Analysis of Rents:</u>			
Other Municipalities	\$ 2,016,197.22		
Consumer Accounts Receivable	<u>1,602,795.58</u>		
		<u>\$ 3,618,992.80</u>	
 <u>Analysis of Nonbudget Revenue</u>			
Collector:			
Interest on Investments	\$ 468.27		
Interest on Sewer Rents	15,084.68		
Miscellaneous	0.01		
Returned Check Fees	<u>5.40</u>		
		\$ 15,558.36	
Treasurer:			
Sewer Lien Redemption	1,324.21		
Interest on Investments	18,410.38		
Returned Check Fees	300.00		
FEMA Reimbursements - Hurricane Sandy	31,313.78		
Refund of Prior Year Expenses	<u>26,628.75</u>		
		77,977.12	
Due from Sewer Utility Capital Fund:			
Interest on Investments		<u>689.80</u>	
		<u>\$ 94,225.28</u>	

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

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

	<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	\$ 262,993.74	\$ 262,993.74	\$ 243,982.28	\$ 19,011.46	
Other Expenses	2,625,376.00	2,625,376.00	2,402,105.60	223,270.40	
Capital Improvements:					
Capital Improvement Fund	1,540,000.00	1,540,000.00	900,000.00		\$ 640,000.00
Debt Service:					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	236,000.00	236,000.00	209,179.84		26,820.16
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	25,000.00	25,000.00	18,514.46	6,485.54	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	4,000.00	4,000.00	1,002.32	2,997.68	
	<u>\$ 4,693,369.74</u>	<u>\$ 4,693,369.74</u>	<u>\$ 3,774,784.50</u>	<u>\$ 251,765.08</u>	<u>\$ 666,820.16</u>
				E	
Cash Disbursed			\$ 3,698,928.53		
Accrued Interest on Loans			71,063.23		
Encumbrances Payable		E	4,792.74		
			<u>\$ 3,774,784.50</u>		

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

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
BOND AND INTEREST FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF PHILLIPSBURG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	December 31,	
	2013	2012
Land	\$ 19,681,750.00	\$ 19,518,650.00
Buildings	15,091,600.00	15,091,600.00
Equipment	8,671,788.62	8,638,824.62
Construction in Progress	5,516,706.55	5,190,716.31
<u>TOTAL ASSETS</u>	<u>\$ 48,961,845.17</u>	<u>\$ 48,439,790.93</u>
<u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 48,961,845.17	\$ 48,439,790.93
<u>TOTAL RESERVES</u>	<u>\$ 48,961,845.17</u>	<u>\$ 48,439,790.93</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, 2013

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 and a resulting financial benefit or burden relationship, 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 practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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, 2013
(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 more significant accounting 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, 2013
(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, 2013
(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 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, 2013
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2013	2012	2011
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 5,216,849.71	\$ 6,205,968.54	\$ 7,085,902.84
Sewer Utility:			
Loans and Notes	2,660,551.87	2,523,668.48	2,676,768.02
Net Debt Issued	<u>7,877,401.58</u>	<u>8,729,637.02</u>	<u>9,762,670.86</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	5,079,129.01	5,159,285.01	5,252,334.01
Sewer Utility:			
Bonds and Notes	7,820,090.00	187,590.00	187,590.00
Total Authorized but not Issued	<u>12,899,219.01</u>	<u>5,346,875.01</u>	<u>5,439,924.01</u>
Less:			
Redevelopment and Housing per N.J.S.A. 40A:12A-67d	105,839.99	105,839.99	105,839.99
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 20,670,780.60</u>	<u>\$ 13,970,672.04</u>	<u>\$ 15,096,754.88</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 1.12%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 500,000.00	\$ 500,000.00	
Sewer Utility Debt	10,480,641.87	10,480,641.87	
General Debt	10,295,978.72	105,839.99	\$ 10,190,138.73
	<u>\$ 21,276,620.59</u>	<u>\$ 11,086,481.86</u>	<u>\$ 10,190,138.73</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

Net Debt of \$10,190,138.73 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$911,042,960.67 = 1.12%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 31,886,503.62
Net Debt	<u>10,190,138.73</u>
Remaining Borrowing Power	<u>\$ 21,696,364.89</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,834,153.84
Deductions:	
Operating and Maintenance Costs	\$ 2,917,369.74
Debt Service	<u>209,179.84</u>
	<u>3,126,549.58</u>
Excess in Revenue	<u>\$ 1,707,604.26</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>12/31/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/13</u>
Serial Bonds:				
General Capital Fund	\$ 1,243,000.00		\$ 605,000.00	\$ 638,000.00
Loans Payable:				
General Capital Fund:				
Green Trust Loans	177,184.82		12,062.11	165,122.71
Wastewater Treatment Loans	7,181.72		7,181.72	
Sewer Utility Capital Fund:				
Wastewater Treatment Loans	16,207.12		16,207.12	
NJFIT Loans	2,507,461.36		121,909.49	2,385,551.87
Bond Anticipation Notes:				
General Capital Fund	4,778,602.00	\$ 4,413,727.00	4,778,602.00	4,413,727.00
Sewer Utility Capital Fund		<u>275,000.00</u>		<u>275,000.00</u>
Total	<u>\$ 8,729,637.02</u>	<u>\$ 4,688,727.00</u>	<u>\$ 5,540,962.44</u>	<u>\$ 7,877,401.58</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior 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>\$ 9,762,670.86</u>	<u>\$ 4,778,602.00</u>	<u>\$ 5,811,635.84</u>	<u>\$ 8,729,637.02</u>

Analysis of Debt Issued and Outstanding at December 31, 2013

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Improvement Bonds of 2001	8/15/2014	4.40%	<u>\$ 638,000.00</u>

General Capital Green Acres Loan Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 165,122.71</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2013 (Cont'd)

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

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Trust Loan 1	8/1/2029	5.00%	<u>\$ 1,235,000.00</u>

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

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Fund Loan 1	8/1/2029	0.00%	<u>\$ 1,150,551.87</u>

General Capital Bond Anticipation Notes Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Various Capital Improvements	04/15/14	0.85%	\$ 150,000.00
Various Capital Improvements	08/20/14	0.75%	275,000.00
Various Capital Improvements	04/15/14	0.85%	175,000.00
Various Capital Improvements	08/20/14	0.75%	700,000.00
Various Capital Improvements	04/15/14	0.85%	415,000.00
Various Capital Improvements	04/15/14	0.85%	336,000.00
Various Capital Improvements	08/20/14	0.75%	223,000.00
Various Capital Improvements	04/15/14	0.85%	330,000.00
Various Capital Improvements	08/20/14	0.75%	134,428.00
Various Capital Improvements	04/15/14	0.85%	452,000.00
Various Capital Improvements	04/15/14	0.85%	658,174.00
Various Capital Improvements	04/15/14	0.85%	565,125.00
			<u>\$ 4,413,727.00</u>

Sewer Utility Capital Bond Anticipation Notes Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
Improvement to Sewer Treatment Plant	08/20/14	1.00%	<u>\$ 275,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 7,877,401.58</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

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, 2013, the Town has paid off all three loans in the General Capital Fund and all 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.

At December 31, 2013, 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 continued on a semiannual basis until February 1, 2013 at zero interest. Principal payments to the Trust for the General Capital Fund loans continued on an annual basis until February 1, 2013. Principal payments to the Fund for the Sewer Utility Capital Fund loans continued on a semiannual basis until February 1, 2013 at zero interest. Principal payments to the Trust for the Sewer Utility Capital Fund loans continued on an annual basis until February 1, 2013. 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 was 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 in 2010. The loan agreements were obtained to finance a portion of the cost of improvements to the Town sewage treatment plant.

At December 31, 2013, 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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

N.J. Environmental Infrastructure Loans (Cont'd)

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

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

Year	General		Sewer		Total
	Principal	Interest	Principal	Interest	
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	13,324.07	2,221.73	136,909.49	40,150.00	192,605.29
2019-2023	70,746.89	6,982.11	734,547.45	155,100.00	967,376.45
2024-2028	30,329.58	762.02	819,547.45	75,250.00	925,889.05
2029			171,909.52	4,000.00	175,909.52
	<u>\$ 803,122.71</u>	<u>\$ 49,498.89</u>	<u>\$ 2,385,551.87</u>	<u>\$ 465,350.00</u>	<u>\$ 3,703,523.47</u>

*The project related to the N.J. Environmental Infrastructure loans was completed and closed during 2013, with a balance of \$162,575 that has not been drawn down by the Town. The N.J. Environmental Infrastructure Trust will apply this balance as credits to the 2014 and 2015 principal payments.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2013, which will be included in the introduced budget for the Current and Sewer Utility Operating Funds for the year ending December 31, 2014 is not known as the budgets for these funds have not been introduced as of the date of this report.

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 5: Pension Plans (Cont'd)

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.

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 6.64% of base salary effective July 1, 2012 and increased to 6.78% effective July 1, 2013. 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 \$369,284, \$362,752 and \$370,914 for 2013, 2012 and 2011, respectively. Town contributions to PFRS amounted to \$792,592, \$763,314 and \$825,381 for 2013, 2012 and 2011, respectively. Town contributions to DCRP amounted to \$1,016.70, \$1,586.05 and \$149.95 for 2013, 2012 and 2011, 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 \$1,475,000. 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 \$49,045.48 reflected on the Other Trust Funds' balance sheet as of December 31, 2013.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy.

The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	\$ 2.762	\$ 2.676	\$ 2.627
<u>Apportionment of Tax Rate</u>			
Municipal	1.131	1.121	1.098
County	.644	.635	.635
Local School	.987	.920	.894
<u>Assessed Valuations</u>			
2013	<u>\$ 963,361,167.00</u>		
2012		<u>\$ 975,026,602.00</u>	
2011			<u>\$ 983,267,120.00</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>
2013	\$ 26,620,075.16	\$ 25,573,710.61	96.06%
2012	26,105,367.06	24,684,811.50	94.55%
2011	25,837,704.31	24,442,669.25	94.60%

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.

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 8: Cash and Cash Equivalents

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

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

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

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 in addition

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

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

Investments

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

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

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

Investments (Cont'd)

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

As of December 31, 2013, 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	\$ 7,086,427.51	\$ 7,087,477.51
Animal Control		20,774.64	20,774.64
Other Trust		895,633.35	895,633.35
General Capital		605,912.30	605,912.30
Sewer Utility:			
Operating	500.00	1,846,453.20	1,846,953.20
Capital		4,282,614.71	4,282,614.71
	<u>\$ 1,550.00</u>	<u>\$ 14,737,815.71</u>	<u>\$ 14,739,365.71</u>

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

(Continued)

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

The Town did not hold any investments during the year ended December 31, 2013. The carrying amount of the Town's cash and cash equivalents at year end was \$14,739,365.71 and the bank balance was \$14,687,246.14. The carrying amount of the Town's cash and cash equivalents at December 31, 2012 was \$12,445,538.87 and the bank balance was \$12,523,291.54.

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, 2013 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2012 is as follows:

	Statewide Insurance Fund Dec. 31, 2012
Total Assets	\$ 35,903,110
Net Position	\$ 4,749,231
Total Revenue	\$ 23,147,328
Total Expenditures	\$ 22,992,413
Change in Net Position	\$ 154,915
Members Dividends	\$ -0-

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
 (Continued)

Note 9: Risk Management (Cont'd)

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

Statewide Insurance Fund

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

New Jersey Unemployment Compensation Insurance

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

Note 10: Community Development Revolving Loan Program

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

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, 2013.

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 \$609,219.69.

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.

On February 7, 2014 the Township of Lopatcong filed a Complaint in the Superior Court of New Jersey, Law Division, Warren County, Docket No. WRN-L-000041-14, against the Town of Phillipsburg ("Phillipsburg"). The Complaint alleges that Phillipsburg has overcharged the Township of Lopatcong for

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 11: Contingencies (Cont'd)

sewerage treatment services in the approximate amount of \$1.2 million. Phillipsburg has not yet filed an answer to the Complaint and discovery in connection with the allegations in the Complaint has also not commenced. Phillipsburg intends to vigorously defend all allegations in the Complaint. Because discovery has not commenced and no investigation of this matter has been conducted, attorneys for Phillipsburg have not yet expressed a view with respect to the probability of Phillipsburg's success, or lack of success, associated with the litigation.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current		\$ 477,685.40
Federal and State Grant	\$ 433,491.18	
Other Trust	25,011.82	
General Capital	19,182.40	
Sewer Utility Operating	781.47	
Sewer Utility Capital		781.47
	<u>\$ 478,466.87</u>	<u>\$ 478,466.87</u>

The interfund receivable in the Federal and State Grant Fund reflects the net of Federal and State Grant Fund expenditures paid by the Current Fund and Federal and State Grant Fund receipts collected by the Current Fund. The interfund receivable in the Other Trust Funds is comprised of Reserve for Snow Removal funds due from the Current Fund and Reserve for Parking Offense Adjudication Act receipts collected in the Current Fund due to the Other Trust Funds offset by December 2013 interest due to the Current Fund. The interfund receivable in the General Capital Fund is the prior year interfund due from the Current Fund, net of December 2013 interest due to the Current Fund. The interfund receivable in the Sewer Utility Operating Fund reflects December 2013 interest earnings and accrued interest on notes due from the Sewer Utility Capital Fund.

Note 13: Economic Dependency

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

TOWN OF PHILLIPSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(Continued)

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2013 and 2012:

	Balance Dec. 31, 2012	Additions	Deletions	Balance Dec. 31, 2013
Land	\$ 19,518,650.00	\$ 182,600.00	\$ 19,500.00	\$ 19,681,750.00
Buildings	15,091,600.00			15,091,600.00
Machinery and Equipment	8,638,824.62	65,909.00	32,945.00	8,671,788.62
Construction in Progress	5,190,716.31	325,990.24		5,516,706.55
	<u>\$ 48,439,790.93</u>	<u>\$ 574,499.24</u>	<u>\$ 52,445.00</u>	<u>\$ 48,961,845.17</u>
	Balance Dec. 31, 2011	Additions	Deletions	Balance Dec. 31, 2012
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

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2013

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		
Victoria Kleiner	Acting Municipal Clerk		
Robert Merlo	Acting Chief Financial Officer (to 12/16/13) Chief Financial Officer (from 12/17/13)	**	
Rachel Edinger	Interim Tax Collector	\$ 350,000.00	Selective Insurance Company
Craig Brotons	Tax Assessor	**	
Richard Wenner	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 through Selective Insurance Company.

** Covered by blanket bond as described below.

There is blanket bond covering all employees who are not separately bonded. This coverage is \$1,000,000.00 for employee theft and \$250,000 for forgery or alteration. Coverage is through the Statewide Insurance Fund.

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

2013

CURRENT FUND

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 4,573,914.69
Increased by Receipts:		
Tax Collector		\$ 26,759,578.13
Clerk		92,610.57
Taxes Receivable - Homestead Rebates		473,177.33
Revenue Accounts Receivable		3,587,841.48
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions		163,947.94
Nonbudget Revenue		328,652.04
2013 Appropriation Refunds		160,266.82
Interest on Investments and Deposits		16,146.78
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable		1,188,502.58
Unappropriated Grant Reserves		32,129.56
Due from Other Trust Funds:		
Settlement of Prior Year Interfund		164.47
Reserve for Parking Offense Adjudication Act		46.00
Due from Payroll Accounts:		
Settlement of Prior Year Interfund		54.25
Due from Claims Account:		
Settlement of Prior Year Interfund		219.18
Reserve for:		
Library		548,217.00
		<u>33,351,554.13</u>
		<u>37,925,468.82</u>
Decreased by Disbursements:		
2013 Appropriation Expenditures		13,875,501.45
2012 Appropriation Reserves		457,228.35
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves		763,808.62
Prior Year Encumbrances Payable		11,497.04
Due to General Capital Fund:		
Partial Settlement of Prior Year Interfund		4,649.21
Due to Sewer Utility Operating Fund:		
Sewer Lien Redemption		482.09
Local School District Taxes		9,230,417.00
County Taxes		6,207,724.42
Accounts Payable		3,371.95
Refund of Tax Overpayments		26,623.84
Refund of Tax Sale Premiums		206,100.00
Refund of Outside Liens		7,540.00
Reserve for:		
Revaluation		5,850.00
Boiler Room Flood - Prior Year Encumbrances Payable		7,594.84
Library		533,061.87
Library - Prior Year Encumbrances Payable		4,016.27
		<u>31,345,466.95</u>
Balance December 31, 2013	A	<u>\$ 6,580,001.87</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 572,998.16
Increased by Receipts:		
Taxes Receivable	\$ 25,781,281.46	
Tax Title Liens Redemption	105,959.16	
2014 Prepaid Taxes	147,767.96	
Interest and Costs on Taxes	235,466.68	
Tax Sale Premiums	269,700.00	
Due to Sewer Utility Operating Fund:		
Redemption of Sewer Lien	482.09	
Redemption of Outside Liens	60,222.15	
Interest on Deposits	8,258.33	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	25,183.77	
Tax Sale Costs	19,011.11	
Miscellaneous	4,133.12	
Tax Overpayments	<u>26,853.90</u>	
		<u>26,684,319.73</u>
		<u>27,257,317.89</u>
Decreased by:		
Payments to Treasurer		<u>26,759,578.13</u>
Balance December 31, 2013	A	<u>\$ 497,739.76</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF CASH - CLERK

Balance December 31, 2012	<u>Ref.</u> A	\$ 4,270.00
Increased by Receipts:		
Due to State of NJ:		
Marriage License Fees	\$ 2,975.00	
Due to Animal Control Fund:		
Due to State of NJ:		
Dog License Fees	1,696.80	
Dog License Fees	8,083.00	
Dog License Late Fees	1,279.00	
Cat License Fees	2,032.00	
Cat License Late Fees	458.00	
Replacement Tags	3.50	
Alcoholic Beverages Licenses	32,790.00	
Other Licenses	17,839.00	
Fees and Permits	46,065.00	
Miscellaneous Revenue Not Anticipated	335.60	
Interest on Deposits	38.35	
	<hr/>	113,595.25
		<hr/>
		117,865.25
Decreased by:		
Payments to Treasurer - Current Fund	92,610.57	
Payment to Animal Control Fund:		
Interfund Returned	59.70	
Dog and Cat Licenses and Late Fees	11,855.50	
Payments to State of NJ:		
Department of Health - Dog License Fees	1,698.60	
Marriage License Fees	2,950.00	
Burial Permit Fees	5.00	
	<hr/>	109,179.37
		<hr/>
Balance December 31, 2013	A	\$ 8,685.88

TOWN OF PHILLIPSBURG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 314,044.71
Increased by:		
Transfer from Taxes Receivable		\$ 51,894.57
Interest and Costs on Tax Sale		<u>2,471.93</u>
		<u>54,366.50</u>
		368,411.21
Decreased by:		
Tax Title Liens Redeemed		105,959.16
Cancelled		40.21
Transfers to Property Acquired for Taxes		<u>92,701.30</u>
		<u>198,700.67</u>
Balance December 31, 2013	A	<u>\$ 169,710.54</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 45,573.35
Decreased by:		
Cancellation - Foreclosure		<u>15,650.00</u>
Balance December 31, 2013	A	<u>\$ 29,923.35</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 4,755.26
Increased By:		
Municipal Charges Imposed		<u>96,806.38</u>
		101,561.64
Decreased By:		
Cancellation		\$ 112.50
Collections - Municipal Charges		<u>25,183.77</u>
		<u>25,296.27</u>
Balance December 31, 2013	A	<u>\$ 76,265.37</u>

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> Dec. 31, 2012	<u>Accrued In</u> 2013	<u>Collected by</u> Treasurer	<u>Collected by</u> Clerk	<u>Balance</u> Dec. 31, 2013
Alcoholic Beverages Licenses		\$ 32,790.00		\$ 32,790.00	
Other Licenses		17,839.00		17,839.00	
Fees and Permits		90,687.12	\$ 44,622.12	46,065.00	
Municipal Court:					
Fines and Costs	\$ 21,587.81	284,351.03	283,441.09		\$ 22,497.75
Payment in Lieu of Taxes - Federal Housing Project		138,589.38	138,589.38		
Payment in Lieu of Taxes - Sewage Treatment		83,500.00	83,500.00		
Consolidated Municipal Property Tax Relief Aid		466,667.00	466,667.00		
Energy Receipts Taxes		1,538,733.86	1,538,733.86		
Uniform Construction Code Fees		268,439.01	268,439.01		
Pool Receipts and Passes		18,849.02	18,849.02		
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		
Shared Service Agreement - Borough of Alpha: Police Services		385,000.00	385,000.00		
	<u>\$ 21,587.81</u>	<u>\$ 3,685,445.42</u>	<u>\$ 3,587,841.48</u>	<u>\$ 96,694.00</u>	<u>\$ 22,497.75</u>

Ref.

A

A

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

	Balance Dec. 31, 2012	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2013
Municipal Alliance:						
2012	\$ 5,752.10		\$ 5,752.10			
2013		\$ 11,968.00	6,227.31			\$ 5,740.69
Board of Education Match		1,500.00		\$ 1,500.00		
N.J. Department of Labor and Workforce Development:						
ARRA - N.J. Youth Corps - 2012 - BLWY12N	10,544.00					10,544.00
N.J. Youth Corps - 2012 - ALWY13N	281,738.00		281,738.00			
N.J. Youth Corps - 2013 - ALWY14N		529,294.00	251,227.00			278,067.00
N.J. Transportation Trust Fund Authority Act:						
2011 - Municipal Aid Program	46,315.00		46,315.00			
2012 - Municipal Aid Program	234,000.00		234,000.00			
2009 - Morris Street	26,904.52					26,904.52
2013 - Municipal Aid Program - Sitgreaves Street		267,260.00	200,445.00			66,815.00
Clean Communities Program:						
2012	517.36					517.36
2013		30,332.62	30,332.62			
Recycling Tonnage Grant - 2013		22,521.00		22,521.00		
Delaware River Joint Bridge Commission:						
Compact Authorized Investments - 2010	230,828.00					230,828.00
Drunk Driving Enforcement Grant:						
2010	7,304.41					7,304.41
2011	5,343.45					5,343.45
2013		8,519.67	8,519.67			
Body Armor Replacement Grant - 2013		3,564.80		3,564.80		
NJ Department of Law and Public Safety:						
Cops In Shops - College Fall Initiative 2011	124.21					124.21
Drive Sober or Get Pulled Over - 2012	113.90					113.90
Drive Sober or Get Pulled Over - Holiday Crackdown		4,400.00				4,400.00
Cops In Shops - College/Fall Initiative		2,800.00	2,644.12			155.88
NJ Highlands Council:						
2009 Plan Conformance Grant	127,031.29		43,641.76			83,389.53
2009 Initial Assessment Grant	4,287.61					4,287.61

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

	Balance Dec. 31, 2012	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Cancelled	Balance Dec. 31, 2013
N.J. Department of Environmental Protection:						
Green Acres Delaware Heights	\$ 170,416.51					\$ 170,416.51
Division of Parks & Forestry:						
ARRA - 2009 Business Stimulus Fund Grant	2,859.20					2,859.20
AmeriCorps Heat Grant	71.00					71.00
Warren County DARE Officers Association		\$ 242.08		\$ 242.08		
Restoration Central Railroad of NJ Interlocking Tower		60,850.00				60,850.00
Westminster Presbyterian Church Stained Glass Window		98,000.00	\$ 67,660.00			30,340.00
St. Luke's Warren Campus Hospital Donation - Pool		10,000.00	10,000.00			
	<u>\$ 1,154,150.56</u>	<u>\$ 1,051,252.17</u>	<u>\$ 1,188,502.58</u>	<u>\$ 27,827.88</u>	<u>\$ -0-</u>	<u>\$ 989,072.27</u>
<u>Ref.</u>	A					A
Federal Grants			\$ 483,404.12			
State Grants			627,438.46			
Local Grants			77,660.00			
			<u>\$ 1,188,502.58</u>			

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</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	\$ 8,868.63	\$ 8,868.63	\$ 2,637.64	\$ 6,230.99
Other Expenses	2,879.56	2,879.56	2,056.91	822.65
Human Resources:				
Other Expenses	1,264.19	1,264.19	1,261.33	2.86
Mayor and Council:				
Salaries and Wages	0.32	0.32		0.32
Other Expenses	8,239.02	8,239.02	37.78	8,201.24
Municipal Clerk:				
Salaries and Wages	5,588.60	5,588.60	535.31	5,053.29
Other Expenses	2,636.86	2,636.86	1,038.65	1,598.21
Financial Administration:				
Salaries and Wages	11,559.69	11,559.69	766.07	10,793.62
Other Expenses	1,462.84	1,462.84	298.75	1,164.09
Audit Services	11,175.00	11,175.00		11,175.00
Revenue Administration:				
Salaries and Wages	6,594.92	6,594.92	1,057.02	5,537.90
Other Expenses	2,900.99	2,900.99	849.95	2,051.04
Tax Assessment Administration:				
Salaries and Wages	1,759.40	1,759.40	780.87	978.53
Other Expenses	4,628.79	4,628.79	1,598.17	3,030.62
Legal Services:				
Other Expenses	77,894.50	77,894.50	41,504.74	36,389.76
Engineering Services:				
Other Expenses	12,954.40	12,954.40	4,595.00	8,359.40
LAND USE ADMINISTRATION:				
Planning Board:				
Other Expenses	1,562.50	1,562.50	425.00	1,137.50
Zoning Board:				
Other Expenses	1,500.00	1,500.00		1,500.00
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	405,676.98	405,676.98	106,335.93	299,341.05
Other Expenses	81,728.07	81,728.07	16,656.75	65,071.32
Fire Department:				
Salaries and Wages	1,800.36	1,800.36		1,800.36
Other Expenses	2,657.60	2,657.60	2,230.80	426.80
Supplemental Fire Services Program	5,326.00	5,326.00	4,831.40	494.60
Municipal Prosecutor:				
Salaries and Wages	0.04	0.04		0.04

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	\$ 14,993.20	\$ 14,993.20	\$ 3,700.52	\$ 11,292.68
Other Expenses	49,652.57	49,652.57	47,970.28	1,682.29
Other Public Works Functions:				
Salaries and Wages	921.51	921.51	842.16	79.35
Other Expenses	1,169.38	1,169.38	13.35	1,156.03
PEOSHA	1,040.10	1,040.10	162.04	878.06
Solid Waste Collection:				
Salaries and Wages	24,527.39	24,527.39	587.62	23,939.77
Other Expenses	3,200.00	3,200.00	3,136.00	64.00
Buildings and Grounds:				
Salaries and Wages	70,748.32	49,248.32	30,014.75	19,233.57
Other Expenses	1,386.20	1,386.20	897.84	488.36
Vehicle Maintenance:				
Salaries and Wages	2,737.49	2,737.49	1,246.81	1,490.68
Other Expenses	58,652.55	58,652.55	55,548.96	3,103.59
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Other Expenses	2,363.42	2,363.42	2,363.42	
Contributions to Social Services:				
Other Expenses	6,886.37	6,886.37	6,886.37	
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	3,948.58	3,948.58	2,322.97	1,625.61
Other Expenses	12,425.55	12,425.55	4,906.87	7,518.68
Municipal Swimming Pool:				
Salaries and Wages	4,538.23	38.23		38.23
Other Expenses	11,463.32	8,163.32	4,850.86	3,312.46
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	22,406.11	22,406.11	11,702.70	10,703.41
Street Lighting	14,530.40	14,530.40	14,117.83	412.57
Telephone:				
Other Expenses	5,185.14	15,185.14	8,549.59	6,635.55
Water	21,304.47	36,304.47	31,696.85	4,607.62
Gas (Natural or Propane)	10,036.38	10,036.38	4,676.35	5,360.03
Gasoline	56,658.13	56,658.13	17,675.68	38,982.45
Municipal Court:				
Salaries and Wages	10,962.47	10,962.47	1,258.13	9,704.34
Other Expenses	905.98	1,905.98	1,757.41	148.57
Public Defender (P.L. 1998 Chapter 256):				
Salaries and Wages	307.50	307.50		307.50

TOWN OF PHILLIPSBURG
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
INSURANCE:				
Liability Insurance	\$ 10,446.00	\$ 10,446.00		\$ 10,446.00
Employees Group Insurance	121,543.69	121,543.69	\$ 2,465.31	119,078.38
Health Benefit Waivers	25,000.00	25,000.00	15,000.00	10,000.00
UNIFORM CONSTRUCTION CODE:				
Code Enforcement:				
Salaries and Wages	695.51	3,995.51	2,611.88	1,383.63
Other Expenses	9,734.33	9,734.33	3,349.80	6,384.53
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.D)	9,189.19	9,189.19	3,478.41	5,710.78
Unemployment Compensation Insurance	2,204.66	2,204.66	1,484.96	719.70
Maintenance of Free Public Library	12,983.04	12,983.04	5,923.56	7,059.48
Recycling Tax (P.L.2007, C.311)	10,217.00	10,217.00	1,557.00	8,660.00
	<u>\$1,275,623.44</u>	<u>\$1,275,623.44</u>	<u>\$ 482,254.35</u>	<u>\$ 793,369.09</u>
<u>Ref.</u>				
<u>Analysis of Balance on December 31, 2012:</u>				
Unencumbered	A	\$ 1,118,651.90		
Encumbered	A	<u>156,971.54</u>		
		<u>\$1,275,623.44</u>		
Cash Disbursed			\$ 457,228.35	
Accounts Payable			26.00	
Due to Other Trust Funds - Reserve for Snow Removal			<u>25,000.00</u>	
			<u>\$ 482,254.35</u>	

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

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 825,826.00
Increased by:		
Levy School Year - July 1, 2013 through June 30, 2014		<u>9,504,104.00</u>
		10,329,930.00
Decreased by:		
Payments to Local School District		<u>9,230,417.00</u>
Balance December 31, 2013	A	<u>\$ 1,099,513.00</u>

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

	Balance Dec. 31, 2012	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Prior Year Adjustment	Balance Dec. 31, 2013
Clean Communities Program:							
2012	\$ 8,328.15		\$ 7,807.86				\$ 520.29
2013		\$ 30,332.62	18,549.49				11,783.13
Drunk Driving Enforcement Fund:							
2010	9,244.37		1,939.96	\$ 2,846.96			4,457.45
2011	5,343.45						5,343.45
2013		8,519.67	7,006.09				1,513.58
Municipal Alliance Program:							
2012 - State	325.00		325.00				
2012 - Local	562.89		564.76		\$ 1.87		
2013 - State		11,968.00	10,120.56	1,380.00			467.44
2013 - Local		2,940.00	1,815.15	737.50			387.35
Board of Education - 2009	823.09		823.09				
Board of Education - 2013		1,500.00	244.75				1,255.25
Body Armor Replacement Grant:							
2011	1,648.39		893.85				754.54
2012	3,482.26		1,787.70				1,694.56
2013		3,564.80					3,564.80
FY04 Exercise Program Implementation Action Grant	2,278.20						2,278.20
N.J. Department of Labor and Workforce Development:							
ARRA - N.J. Youth Corps - 2012 - BLWY12N	6,376.43		(4,167.57)				10,544.00
N.J. Youth Corps - 2012 - ALWY13N	407,017.00		407,017.00				
N.J. Youth Corps - 2013 - ALWY14N		529,294.00	135,216.00				394,078.00
Municipal Stormwater Regulation Program - 2006	4,251.25						4,251.25
Hepatitis B Fund	1,905.00		1,905.00				
Recycling Tonnage Grant:							
2004	571.04					571.04	
2005	4,233.12		2,515.16			1,717.96	
2006	8,432.33		8,432.33				
2007	2,299.04		1,121.85	1,175.00			2.19
2008	15,577.81		11,535.00				4,042.81
2009	34,003.21						34,003.21
2011	23,487.00						23,487.00
2012	29,353.46						29,353.46
2013		22,521.00					22,521.00

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

	Balance Dec. 31, 2012	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Prior Year Adjustment	Balance Dec. 31, 2013
Emergency Management:							
2009	\$ 2,108.72		\$ 2,108.72				
2011	2,338.14		2,115.32				\$ 222.82
2012	5,000.00						5,000.00
Hazardous Discharge Site Remediation - 1998	15,178.47						15,178.47
DRJTBC Compact Authorized Investments Grant	36,857.82			\$ 5,254.88	\$ 1,422.50		33,025.44
Delaware River Joint Bridge Commission:							
Resurfacing Northampton Street Toll Supported Bridge	63,000.00						63,000.00
Compact Authorized Investments - 2010	94,218.23				37,132.68		131,350.91
N.J. Transportation Trust Fund Authority Act:							
2009 - Morris Street	70.00				23,871.00		23,941.00
2012 - Municipal Aid Program - Main St, Phase V					13,733.04		13,733.04
2013 - Municipal Aid Program - Sitgreaves Street		\$ 267,260.00	24,815.00	242,445.00			
Reserve for Domestic Violence Grant	839.00					\$ (2,289.00)	3,128.00
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:							
2012	113.90						113.90
2013 - Holiday Crackdown		4,400.00	1,306.79				3,093.21
Cops In Shops - College/Fall Initiative - 2013		2,800.00	2,644.05				155.95
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	113,632.37		54,933.89				58,698.48
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	4,097.08		3,875.00				222.08

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

	Balance Dec. 31, 2012	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Prior Year Adjustment	Balance Dec. 31, 2013
Warren County DARE Officers Association		\$ 242.08					\$ 242.08
St. Luke's Warren Campus Hospital Donation - Pool		10,000.00					10,000.00
Restoration Central Railroad of NJ Interlocking Tower		60,850.00	\$ 5,306.82	\$ 90.52			55,452.66
Westminster Presbyterian Church Stained Glass Window		98,000.00	51,250.00	16,410.00			30,340.00
	<u>\$ 1,016,728.61</u>	<u>\$ 1,054,192.17</u>	<u>\$ 763,808.62</u>	<u>\$ 270,339.86</u>	<u>\$ 76,161.09</u>	<u>\$ -0-</u>	<u>\$ 1,112,933.39</u>
<u>Ref</u>	A						A
Federal/State/Local Grants		\$ 1,051,252.17					
Local Matching Funds		2,940.00					
		<u>\$ 1,054,192.17</u>					
Federal Grants			\$ 28,822.31	\$ 242,445.00	\$ 23,871.00		
State Grants			671,106.74	5,401.96	13,733.04		
Local Grants			63,879.57	22,492.90	38,557.05		
			<u>\$ 763,808.62</u>	<u>\$ 270,339.86</u>	<u>\$ 76,161.09</u>		

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

	Balance Dec. 31, 2012	Grant Funds Received	Transferred to 2013 Budget Revenue	Balance Dec. 31, 2013
Body Armor Replacement Grant	\$ 3,564.80	\$ 4,609.94	\$ 3,564.80	\$ 4,609.94
Recycling Tonnage Grant	22,521.00	21,252.00	22,521.00	21,252.00
Municipal Alliance:				
Board of Education	1,500.00	2,000.00	1,500.00	2,000.00
Warren County DARE Officers Association Donation	242.08		242.08	
Drive Sober or Get Pulled Over - 2013		4,267.62		4,267.62
	<u>\$ 27,827.88</u>	<u>\$ 32,129.56</u>	<u>\$ 27,827.88</u>	<u>\$ 32,129.56</u>

Ref.

A

A

Federal Grants	\$ 4,267.62
State Grants	25,861.94
Local Grants	2,000.00
	<u>\$ 32,129.56</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
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, 2012	B	\$ 13,434.92	\$ 853,359.71
Increased by Receipts:			
Dog License Fees		\$ 8,083.00	
Cat License Fees		2,032.00	
Dog/Cat License Late Fees		1,737.00	
Replacement Tags		3.50	
Interest Earned		68.59	
Due to/from Current Fund:			
Settlement of Prior Year Interfund		59.70	
Interest Earned			\$ 34.18
Community Development Revolving Loan			
Program Receivable - Principal Repayments			51,773.12
Reserve for:			
Planning/Zoning Board Escrow			121,200.53
Public Defender:			
Receipts			3,148.00
Interest Earned			58.71
Parking Offense Adjudication Act			129.00
Bernards Township R.C.A. Program:			
Interest Earned			367.52
Rehabilitation Repayments			75.00
Police Outside Services			115,058.11
Accumulated Sick and Vacation			30,217.40
Small Cities Block Grants - Program Income			3,208.00
Donations for Celebration of Public Events			10,278.96
Other Deposits			4,850.00
Federally Funded Housing Assistance (Section 8 Program):			
2013 Grant Funds			1,680,997.00
Community Development Revolving Loan Program:			
Interest on Deposits/Loans			7,489.15
Flexible Spending Benefits Deposits			5,889.78
		<u>11,983.79</u>	<u>2,034,774.46</u>
		25,418.71	2,888,134.17
Decreased by Disbursements:			
Administrative Expenses		4,594.07	
Dog Park Expenditures		50.00	
Due to Current Fund:			
Settlement of Prior Year Interfund			164.47
Reserve for:			
Public Defender			312.84
Planning/Zoning Board Escrow			129,661.50
Accumulated Sick and Vacation			2,328.69
Federally Funded Housing Assistance (Section 8 Program):			
Program Expenditures			1,740,154.52
Police Outside Services			105,731.90
Donations for Celebration of Public Events			299.02
Community Development Revolving Loan Program:			
Legal Fees			7,050.42
Other Deposits			250.00
Flexible Spending Benefits Disbursements			6,547.46
		<u>4,644.07</u>	<u>1,992,500.82</u>
Balance December 31, 2013	B	<u>\$ 20,774.64</u>	<u>\$ 895,633.35</u>

TOWN OF PHILLIPSBURG
ASSESSMENT TRUST FUND
ANALYSIS OF ASSESSMENT TRUST FUND CASH
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 3,494.62
Increased by:		
Cash Received:		
Dog License Fees		\$ 8,083.00
Cat License Fees		2,032.00
Cat/Dog License Late Fees		1,737.00
Replacement Tags		3.50
Interest Earned		68.59
		11,924.09
		15,418.71
Decreased by:		
Expenditures Under R.S.4:19-15.11		4,594.07
		4,594.07
Balance December 31, 2013	B	\$ 10,824.64

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 11,666.90
2012	10,675.20
	22,342.10
Maximum Allowable Reserve	\$ 22,342.10

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 467,245.09
Increased by:		
Capital Improvement Fund:		
2013 Budget Appropriation		\$ 30,875.00
Reserve for Walter's Park Improvements		10,000.00
Bond Anticipation Notes Issued		565,125.00
Due to Current Fund:		
Interest Earned		97.76
Partial Settlement of Prior Year Interfund		4,649.21
Improvement Authorization Refund		16,550.50
		<u>627,297.47</u>
		<u>1,094,542.56</u>
Decreased by:		
Prior Year Encumbrances		258,232.54
Improvement Authorization Expenditures		230,397.72
		<u>488,630.26</u>
Balance December 31, 2013	C	<u>\$ 605,912.30</u>

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

	Balance (Deficit) Dec. 31, 2012	Receipts			Disbursements			Balance (Deficit) Dec. 31, 2013	
		Miscellaneous	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorization Expenditures	Transfers		
							From		To
Fund Balance	\$ 16,966.25					\$ 2,537.00		\$ 14,429.25	
Capital Improvement Fund	621.84			\$ 30,875.00		25,875.00		5,621.84	
Due To Current Fund	(23,929.37)	\$ 4,746.97						(19,182.40)	
Encumbrances Payable	316,642.09				\$ 258,232.54	55,402.55	\$ 296,022.49	299,029.49	
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	
Reserve for Walter's Park Improvements		10,000.00				10,000.00			
Ord.									
No.	Improvement Description								
02-04	Various Capital Improvements	2,704.05					800.00	3,504.05	
03-04	Various Capital Improvements	5,894.00						5,894.00	
05-18	Various Capital Improvements	6,679.95				\$ 2,317.69		4,362.26	
06-20	Various Capital Improvements	141,898.08				23,697.60		118,200.48	
07-07	Various Capital Improvements	63,194.30				38,002.38		25,191.92	
08-12	Various Capital Improvements	119.75				9,481.90	9,186.15	22,190.74	
09-10	Various Capital Improvements	58,736.98				4,047.70	13,796.59	40,892.69	
10-10	Various Capital Improvements						28,870.38	28,870.38	
11-09	Various Capital Improvements	22,684.16	12,989.00			12,989.00	7,195.89	5,210.89	
12-07	Various Capital Improvements	(195,903.15)	3,561.50	\$ 565,125.00		52,768.62	199,694.68	11,335.13	
13-10	Various Capital Improvements					84,555.83	50,283.39	32,531.00	
13-13	Walter's Park Improvements Project							10,000.00	
13-16	Acquisition of a Downflow Work Station for the Police Department					2,537.00		2,537.00	
		<u>\$ 467,245.09</u>	<u>\$ 31,297.47</u>	<u>\$ 565,125.00</u>	<u>\$ 30,875.00</u>	<u>\$ 258,232.54</u>	<u>\$ 230,397.72</u>	<u>\$ 409,497.63</u>	<u>\$ 409,497.63</u>
								<u>\$ 605,912.30</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance December 31, 2013		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
<u>General Improvements:</u>								
04-08	Various Capital Improvements	\$ 340,900.00		\$ 190,900.00	\$ 150,000.00	\$ 150,000.00		
05-18	Various Capital Improvements	532,000.00		257,000.00	275,000.00	275,000.00		
06-20	Various Capital Improvements	1,176,549.00		301,549.00	875,000.00	875,000.00		
07-07	Various Capital Improvements	475,100.00		60,100.00	415,000.00	415,000.00		
08-12	Various Capital Improvements	625,500.00		66,500.00	559,000.00	559,000.00		
09-10	Various Capital Improvements	498,379.00		33,951.00	464,428.00	464,428.00		
10-10	Various Capital Improvements	472,000.00		20,000.00	452,000.00	452,000.00		
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	565,125.00		
13-10	Various Capital Improvements		\$ 484,969.00		484,969.00		\$ 102,308.22	\$ 382,660.78
<u>Local Improvements</u>								
06-32	Various Local Improvements	4,594,160.01			4,594,160.01			4,594,160.01
		<u>\$ 9,937,887.01</u>	<u>\$ 484,969.00</u>	<u>\$ 930,000.00</u>	<u>\$ 9,492,856.01</u>	<u>\$ 4,413,727.00</u>	<u>\$ 102,308.22</u>	<u>\$ 4,976,820.79</u>

Ref.

C

C

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded		\$ 5,330,862.97
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:		
Ord. #02-04	\$ 3,504.05	
Ord. #03-04	5,894.00	
Ord. #05-18	4,362.26	
Ord. #06-20	118,200.48	
Ord. #07-07	25,191.92	
Ord. #08-12	3,642.44	
Ord. #09-10	40,892.69	
Ord. #11-09	20,699.16	
Ord. #12-07	131,655.18	
	<u>354,042.18</u>	
		<u>\$ 4,976,820.79</u>

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	2013 Authorization			Paid or Charged	Prior Year Encumbrances Canceled	Prior Year Adjustments	Balance December 31, 2013	
				Balance Dec. 31, 2012 Unfunded	Deferred Charges to Future Taxation - Unfunded	Other Financing Sources				Funded	Unfunded
<u>General Improvements:</u>											
02-04	Various Capital Improvements	04/16/02	\$ 915,000.00	\$ 2,704.05				\$ 800.00			\$ 3,504.05
03-04	Various Capital Improvements	04/01/03	967,385.00	5,894.00							5,894.00
05-18	Various Capital Improvements	05/03/05	1,288,320.00	6,679.95			\$ 2,317.69				4,362.26
06-20	Various Capital Improvements	05/26/06	2,283,842.00	141,898.08			23,697.60				118,200.48
07-07	Various Capital Improvements	05/01/07	795,800.00	63,194.30			38,002.38				25,191.92
08-12	Various Capital Improvements	05/06/08	814,600.00	119.75			18,668.05	9,186.15	\$ 13,004.59		3,642.44
09-10	Various Capital Improvements	05/19/09	524,610.00	58,736.98			4,839.70		(13,004.59)		40,892.69
10-10	Various Capital Improvements	08/03/10	497,000.00				28,870.38	28,870.38			
11-09	Various Capital Improvements	05/17/11	692,815.00	22,684.16			7,195.89	5,210.89			20,699.16
12-07	Various Capital Improvements	04/17/12	599,766.00	369,221.85			248,901.80	11,335.13			131,655.18
13-10	Various Capital Improvements	05/07/13	517,500.00		\$ 484,969.00	\$ 32,531.00	134,839.22				382,660.78
13-13	Walter's Park Improvements Project	06/18/13	10,000.00							\$ 10,000.00	
13-16	Acquisition of a Downflow Work Station for the Police Department	08/20/13	2,537.00				2,537.00				
<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>\$ 5,265,293.13</u>	<u>\$ 484,969.00</u>	<u>\$ 45,068.00</u>	<u>\$ 509,869.71</u>	<u>\$ 55,402.55</u>	<u>\$ -0-</u>	<u>\$ 10,000.00</u>	<u>\$ 5,330,862.97</u>
		<u>Ref.</u>	<u>C</u>						<u>C</u>		<u>C</u>
			Capital Improvement Fund		\$ 25,875.00						
			Capital Fund Balance		2,537.00						
			Reserve for Purchase of Fire Vehicle		6,656.00						
			Reserve for Walter's Park Improvements		10,000.00						
					<u>\$ 45,068.00</u>						
					<u>Ref.</u>						
			Cash Disbursed			\$ 230,397.72					
			Encumbrances		C	296,022.49					
			Less: Improvement Authorization Refunds			(16,550.50)					
						<u>\$ 509,869.71</u>					

TOWN OF PHILLIPSBURG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 621.84
Increased by:		
2013 Budget Appropriation		30,875.00
		<u>31,496.84</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		25,875.00
		<u>25,875.00</u>
Balance December 31, 2013	C	<u>\$ 5,621.84</u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2012	Issued	Matured	Balance Dec. 31, 2013
		Issue of Original Note	Issue	Maturity					
04-08	Various Capital Improvements	05/19/05	04/18/12	04/17/13	1.50%	\$ 340,900.00	\$ 150,000.00	\$ 340,900.00	\$ 150,000.00
			04/16/13	04/15/14	0.85%				
05-18	Various Capital Improvements	09/06/06	08/23/12	08/22/13	1.50%	532,000.00	275,000.00	532,000.00	275,000.00
			08/21/13	08/20/14	0.75%				
06-20	Various Capital Improvements	09/06/06 04/19/11	08/23/12	08/22/13	1.50%	976,500.00 200,049.00	700,000.00 175,000.00	976,500.00 200,049.00	700,000.00 175,000.00
			08/21/13	08/20/14	0.75%				
			04/16/13	04/15/14	0.85%				
07-07	Various Capital Improvements	05/01/08	04/18/12	04/17/13	1.50%	475,100.00	415,000.00	475,100.00	415,000.00
			04/16/13	04/15/14	0.85%				
08-12	Various Capital Improvements	04/28/09 08/26/11	04/18/12	04/17/13	1.50%	388,000.00 237,500.00	336,000.00 223,000.00	388,000.00 237,500.00	336,000.00 223,000.00
			08/23/12	08/22/13	1.50%				
			04/16/13	04/15/14	0.85%				
			08/21/13	08/20/14	0.75%				
09-10	Various Capital Improvements	04/19/11 08/26/11	04/18/12	04/17/13	1.50%	355,879.00 142,500.00	330,000.00 134,428.00	355,879.00 142,500.00	330,000.00 134,428.00
			08/23/12	08/22/13	1.50%				
			04/16/13	04/15/14	0.85%				
			08/21/13	08/20/14	0.75%				
10-10	Various Capital Improvements	04/19/11	04/18/12	04/17/13	1.50%	472,000.00	452,000.00	472,000.00	452,000.00
			04/16/13	04/15/14	0.85%				

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, 2012	Issued	Matured	Balance Dec. 31, 2013
			Issue	Maturity					
11-09	Various Capital Improvements	04/18/12	04/18/12	04/17/13	1.50%	\$ 658,174.00	\$ 658,174.00	\$ 658,174.00	\$ 658,174.00
			04/16/13	04/15/14	0.85%				
12-07	Various Capital Improvements	04/16/13	04/16/13	04/15/14	0.85%		565,125.00		565,125.00
						<u>\$ 4,778,602.00</u>	<u>\$ 4,413,727.00</u>	<u>\$ 4,778,602.00</u>	<u>\$ 4,413,727.00</u>
					<u>Ref.</u>	<u>C</u>			<u>C</u>
					New Issues		\$ 565,125.00		
					Renewals		3,848,602.00	\$ 3,848,602.00	
					Paid by Budget Appropriation			930,000.00	
							<u>\$ 4,413,727.00</u>	<u>\$ 4,778,602.00</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, 2012	Matured	Balance Dec. 31, 2013
			Outstanding Date	Dec. 31, 2013 Amount				
General Improvement	10/10/2001	\$ 6,408,000.00	8/15/2014	\$ 638,000.00	4.40%	\$ 1,243,000.00	\$ 605,000.00	\$ 638,000.00
					<u>Ref.</u>	C		C

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

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2012	C	\$ 5,000.00	\$ 2,181.72
Decreased by:			
Loans Paid by Current Fund		<u>5,000.00</u>	<u>2,181.72</u>
Balance December 31, 2013	C	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2012	Matured	Balance Dec. 31, 2013
01-16	Improvements to Delaware Heights Park	\$ 177,184.82	\$ 12,062.11	\$ 165,122.71
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2013

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 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>\$ 21,426.89</u>	<u>\$ 165,122.71</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2012	2013 Authorization	Notes Paid by Budget Appropriation	Bond Anticipation Notes Matured	Bond Anticipation Notes Issued	Balance Dec. 31, 2013
04-08	Various Capital Improvements			\$ 190,900.00	\$ 340,900.00	\$ 150,000.00	
05-18	Various Capital Improvements			257,000.00	532,000.00	275,000.00	
06-20	Various Capital Improvements			301,549.00	1,176,549.00	875,000.00	
06-32	Various Local Improvements	\$ 4,594,160.01					\$ 4,594,160.01
07-07	Various Capital Improvements			60,100.00	475,100.00	415,000.00	
08-12	Various Capital Improvements			66,500.00	625,500.00	559,000.00	
09-10	Various Capital Improvements			33,951.00	498,379.00	464,428.00	
10-10	Various Capital Improvements			20,000.00	472,000.00	452,000.00	
11-09	Various Capital Improvements				658,174.00	658,174.00	
12-07	Various Capital Improvements	565,125.00				565,125.00	
13-10	Various Capital Improvements		\$ 484,969.00				484,969.00
		<u>\$ 5,159,285.01</u>	<u>\$ 484,969.00</u>	<u>\$ 930,000.00</u>	<u>\$ 4,778,602.00</u>	<u>\$ 4,413,727.00</u>	<u>\$ 5,079,129.01</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG

COUNTY OF WARREN

2013

SEWER UTILITY FUND

TOWN OF PHILLIPSBURG
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

		<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	E	\$ 2,223,417.76	\$ 3,685,879.72
Increased by Receipts:			
Utility Collector		\$ 1,614,225.65	
Sewer Rents - Other Municipalities		2,016,197.22	
Nonbudget Revenue		77,977.12	
2013 Budget Appropriation:			
Capital Improvement Fund			\$ 900,000.00
Bond Anticipation Notes Issued			275,000.00
Reserve for Sewer Improvements			29,500.00
Due to Sewer Utility Operating Fund:			
Interest Earned			689.80
Due from Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund			15,583.58
		<u>3,708,399.99</u>	<u>1,220,773.38</u>
		5,931,817.75	4,906,653.10
Decreased by Disbursements:			
2013 Appropriation Expenditures		3,698,928.53	
2012 Appropriation Reserves		18,786.65	
Accrued Interest on Loans		72,304.90	
Accounts Payable		33,358.00	
Rent Overpayment Refunds		487.11	
Prior Year Encumbrances			108,405.05
Improvement Authorization Expenditures			498,489.42
Due to Current Fund:			
Anticipated Revenue - 2013 Budget		300,000.00	
Reserve for VFD Replacement/Rewire			17,143.92
Due to Sewer Utility Operating Fund:			
Settlement of Prior Year Interfund		<u>15,583.58</u>	
		<u>4,139,448.77</u>	<u>624,038.39</u>
Balance December 31, 2013	E	<u>\$ 1,792,368.98</u>	<u>\$ 4,282,614.71</u>

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

	Balance (Deficit) Dec. 31, 2012	Receipts			Disbursements		Transfers		Balance (Deficit) Dec. 31, 2013	
		Budget Appropriation	Bond		Miscellaneous	Improvement Authorizations	From	To		
			Anticipation Notes	Miscellaneous						
Capital Improvement Fund	\$ 957,671.46	\$ 900,000.00					\$ 390,000.00		\$ 1,467,671.46	
Due to/(from) Sewer Utility Operating Fund	(15,583.58)			\$ 16,273.38				\$ 91.67	781.47	
NJ Environmental Infrastructure Loan Receivable: Trust	(465,532.51)							302,957.69	(162,574.82)	
Due to NJ Department of Environmental Protection	302,957.69						302,957.69			
Encumbrances Payable	111,462.11				\$ 108,405.05		3,000.00	171,060.15	171,117.21	
Reserve for Sewer Improvements	5,452.00			29,500.00					34,952.00	
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	
02-12	Services Associated with New Sanitary Sewer Outfall in the Delaware River								56,678.34	
03-01	Additional Services for Wastewater Treatment Management Plan								9,567.25	
04-10	Replacement of SBR Blower and PS-1 Pump A at the Wastewater Treatment Plant								7,358.00	
04-26	Purchase of a Sutor Blower for the Wastewater Treatment Plant								1,302.00	
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities								44,824.01	
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities					\$ 6,880.00	11,574.00		196,223.95	
09-13	Improvements to Town Sewage Treatment Plant					2,590.00			436,943.69	
10-02	Purchase of Backhoe								1,808.52	
11-12	Purchase of Front End Loader								21,400.00	
12-08	Capital Purchases					225,873.10	96,733.90	3,000.00	1,432,393.00	
13-17	Construction Phase Services for the Wastewater Treatment Plant Upgrades & Outfall Relocation							390,000.00	390,000.00	
13-20	Improvements to Sewage Treatment Plant			\$ 275,000.00		263,146.32	62,843.92		(50,990.24)	
		\$ 3,685,879.72	\$ 900,000.00	\$ 275,000.00	\$ 45,773.38	\$ 125,548.97	\$ 498,489.42	\$ 867,109.51	\$ 867,109.51	\$ 4,282,614.71

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

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 49,468.82
Increased by:		
Consumer Accounts Receivable		\$ 1,602,795.58
Sewer Rent Overpayments		487.11
Interest on Sewer Rents		15,084.68
Interest on Investments		468.27
Other Miscellaneous Revenue not Anticipated		0.01
Returned Check Fees		5.40
		<hr style="width: 100%; border: 0.5px solid black;"/>
		1,618,841.05
		<hr style="width: 100%; border: 0.5px solid black;"/>
		1,668,309.87
Decreased by:		
Disbursed to Sewer Treasurer		1,614,225.65
		<hr style="width: 100%; border: 0.5px solid black;"/>
Balance December 31, 2013	E	<u><u>\$ 54,084.22</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 194,481.77
Increased by:		
Sewer Rents Levied		<u>1,562,246.21</u>
		1,756,727.98
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable	\$ 615.00	
Sewer Collector - Cash Received	<u>1,602,795.58</u>	
		<u>1,603,410.58</u>
Balance December 31, 2013	E	<u>\$ 153,317.40</u>

SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 3,073.28
Increased by:		
Transfer from Consumer Accounts Receivable	\$ 615.00	
Interest and Costs Accrued at Tax Sale	<u>65.32</u>	
		<u>680.32</u>
		3,753.60
Decreased by:		
Sewer Lien Redemption	1,324.21	
Transfers to Property Acquired for Taxes	<u>1,408.31</u>	
		<u>2,732.52</u>
Balance December 31, 2013	E	<u>\$ 1,021.08</u>

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Sewer Treatment Plant	\$ 26,585,386.85	\$ 26,585,386.85
Various Capital Improvements	187,459.91	187,459.91
General Equipment	<u>426,102.19</u>	<u>426,102.19</u>
	<u>\$ 27,198,948.95</u>	<u>\$ 27,198,948.95</u>
<u>Ref.</u>	E	E

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Balance Dec. 31, 2013
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			
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
13-17	09/17/13	Construction Phase Services for the Wastewater Treatment Plant Upgrades & Outfall Relocation		\$ 390,000.00	390,000.00
13-20	10/15/13	Improvements to Sewage Treatment Plant		7,907,500.00	7,907,500.00
			<u>\$ 9,042,400.00</u>	<u>\$ 8,297,500.00</u>	<u>\$ 17,339,900.00</u>
		<u>Ref.</u>	E		E

TOWN OF PHILLIPSBURG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2013

	<u>Balance</u> <u>Dec. 31, 2012</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	\$ 6,314.67	\$ 6,314.67	\$ 5,252.16	\$ 1,062.51
Other Expenses	304,203.55	304,203.55	12,538.94	291,664.61
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	2,260.15	2,260.15	401.79	1,858.36
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	2,935.54	2,935.54	593.76	2,341.78
	<u>\$ 315,713.91</u>	<u>\$ 315,713.91</u>	<u>\$ 18,786.65</u>	<u>\$ 296,927.26</u>

Ref.

Analysis of Balance December 31, 2012

Unencumbered	E	\$ 282,962.27
Encumbered	E	32,751.64
		<u>\$ 315,713.91</u>

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

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 957,671.46
Increased by:		
2013 Budget Appropriation		900,000.00
		<u>1,857,671.46</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		390,000.00
		<u>390,000.00</u>
Balance December 31, 2013	E	<u>\$ 1,467,671.46</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 27,474,500.47
Increased by:		
NJ Wastewater Treatment Loans Paid by		
Operating Budget		\$ 16,207.12
NJ Environmental Infrastructure Trust Loans Paid by		
Operating Budget		121,909.49
		<u>138,116.61</u>
Balance December 31, 2013	E	<u>\$ 27,612,617.08</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2012	2013 Authorization	Balance Dec. 31, 2013
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
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
13-17	Construction Phase Services for the Wastewater Treatment Plant Upgrades & Outfall Relocation	09/17/13	<u> </u>	\$ 390,000.00	<u>390,000.00</u>
			<u>\$ 6,055,590.00</u>	<u>\$ 390,000.00</u>	<u>\$ 6,445,590.00</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, 2012	E	\$ 10,000.00	\$ 6,207.12
Decreased by:			
Loans Paid by Operating Budget		<u>10,000.00</u>	<u>6,207.12</u>
Balance December 31, 2013	E	<u>\$ -0-</u>	<u>\$ -0-</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, 2012	E	\$ 1,285,000.00	\$ 1,222,461.36
Decreased by:			
Loans Paid by Operating Budget		<u>50,000.00</u>	<u>71,909.49</u>
Balance December 31, 2012	E	<u>\$ 1,235,000.00</u>	<u>\$ 1,150,551.87</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340874-04
TRUST LOAN OUTSTANDING DECEMBER 31, 2013

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 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>\$ 465,350.00</u>	<u>\$ 1,235,000.00</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, 2013

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 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>\$ 1,150,551.87</u>	

TOWNSHIP OF PHILLIPSURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2013

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Date of</u>			<u>Interest Rate</u>	<u>Issued</u>	<u>Balance Dec. 31, 2013</u>
		<u>Issue of Original Note</u>	<u>Issue</u>	<u>Maturity</u>			
Improvements to Sewage Treatment Plant	13-20	12/23/13	12/23/13	08/20/14	1.00%	<u>\$ 275,000.00</u>	<u>\$ 275,000.00</u>
					<u>Ref.</u>		E
					New Issuance	<u>\$ 275,000.00</u>	

TOWN OF PHILLIPSBURG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2013

NOT APPLICABLE

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2012	2013 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2013
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	\$ 187,590.00			\$ 187,590.00
13-20	10/15/13	Improvements to Sewage Treatment Plant		\$ 7,907,500.00	\$ 275,000.00	7,632,500.00
			<u>\$ 187,590.00</u>	<u>\$ 7,907,500.00</u>	<u>\$ 275,000.00</u>	<u>\$ 7,820,090.00</u>

TOWN OF PHILLIPSBURG
COUNTY OF WARREN
2013
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2013

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 Housing and Urban Development</u>	14.871	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	\$ 1,680,997.00 1,811,857.00	01/01/13 01/01/07	12/31/13 12/31/14	\$ 1,680,997.00	\$ 1,680,997.00 59,157.52	\$ 1,680,997.00 1,801,700.11
Total Department of Housing and Urban Development			<u>3,492,854.00</u>			<u>1,680,997.00</u>	<u>1,740,154.52</u>	<u>3,482,697.11</u>
<u>U.S. Department of Transportation</u> (Passed thru NJ Department of Transportation)	20.205	Highway Planning and Construction Cluster: Transportation Trust Fund Authority Act: Municipal Aid: South Main Street Main Street Phase V Stigreaves Street	185,260.00 234,000.00 267,260.00	01/01/11 01/01/12 01/01/13	12/31/12 12/31/14 12/31/13	46,315.00 234,000.00 200,445.00		185,260.00 220,266.96 267,260.00
Total Highway Planning and Construction Cluster			<u>686,520.00</u>			<u>480,760.00</u>	<u>267,260.00</u>	<u>672,786.96</u>
	20.601	Drive Sober or Get Pulled Over - Holiday Crackdown Drive Sober or Get Pulled Over	4,400.00 4,267.62	01/01/13 01/01/13	12/31/14 12/31/14		1,306.79	1,306.79
			<u>8,667.62</u>			<u>4,267.62</u>	<u>1,306.79</u>	<u>1,306.79</u>
	20.601	Cops-in-Shops Grant	2,800.00	01/01/13	12/31/14	2,644.12	2,644.05	2,644.05
Total Department of Transportation			<u>697,987.62</u>			<u>487,671.74</u>	<u>271,210.84</u>	<u>676,737.80</u>
<u>U.S. Department of Homeland Security</u> (Passed Through NJ Department of Law and Public Safety)	97.036	Disaster Grants - Public Assistance - FEMA: Hurricane Irene Super Storm Sandy	1,110.23 82,476.48	01/01/11 01/01/12	12/31/11 12/31/12	1,110.23 82,476.48	1,110.23 * 82,476.48 *	1,110.23 82,476.48
			<u>83,586.71</u>			<u>83,586.71</u>	<u>83,586.71</u>	<u>83,586.71</u>
	97.042	Office of Emergency Management - Emergency Management Grant	5,000.00 5,000.00	01/01/09 01/01/11	12/31/13 12/31/14		2,108.72 2,115.32	5,000.00 4,777.18
			<u>10,000.00</u>				<u>4,224.04</u>	<u>9,777.18</u>
Total U.S. Department of Homeland Security			<u>93,586.71</u>			<u>83,586.71</u>	<u>87,810.75</u>	<u>93,363.89</u>
Total Federal Awards			<u>\$ 4,284,428.33</u>			<u>\$ 2,252,255.45</u>	<u>\$ 2,099,176.11</u>	<u>\$ 4,252,798.80</u>

* Expended in 2011 and 2012.

TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund	100-078-6400-YYYY	\$ 12,647.86	01/01/10	12/31/14		\$ 4,786.92	\$ 8,190.41
			8,519.67	01/01/13	12/31/14	\$ 8,519.67	7,006.09	7,006.09
			<u>21,167.53</u>			<u>8,519.67</u>	<u>11,793.01</u>	<u>15,196.50</u>
	Body Armor Replacement Grant	718-066-1020-001-6120	3,417.34	01/01/11	12/31/14		893.85	2,662.80
			3,482.26	01/01/12	12/31/14		1,787.70	1,787.70
			<u>4,609.94</u>	01/01/14	12/31/14	4,609.94		
			<u>11,509.54</u>			<u>4,609.94</u>	<u>2,681.55</u>	<u>4,450.50</u>
Total Department of Law and Public Safety			<u>32,677.07</u>			<u>13,129.61</u>	<u>14,474.56</u>	<u>19,647.00</u>
<u>N.J. Highlands Council</u>	Plan Conformance Grant	N/A	<u>217,800.00</u>	01/01/09	12/31/14	<u>43,641.76</u>	<u>54,933.89</u>	<u>159,101.52</u>
<u>Department of Labor and Workforce Development</u>	N.J. Youth Corps - 2012 - ALWY13N	100-062-4545-095-6140	497,893.00	07/01/12	06/30/13	281,738.00	407,017.00	497,893.00
	N.J. Youth Corps - 2013 - ALWY14N	100-062-4545-095-6140	529,294.00	07/01/13	06/30/14	251,227.00	135,216.00	135,216.00
	Total Department of Labor and Workforce Development			<u>1,027,187.00</u>			<u>532,965.00</u>	<u>542,233.00</u>
<u>Department of Health and Senior Services</u>	Hepatitis B Fund	N/A	<u>3,780.00</u>	01/01/99	12/31/13		<u>1,905.00</u>	<u>3,780.00</u>
<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	01/01/12	12/31/13	5,752.10	325.00	11,968.00
			11,968.00	01/01/13	12/31/14	6,227.31	11,500.56	11,500.56
			<u>23,936.00</u>			<u>11,979.41</u>	<u>11,825.56</u>	<u>23,468.56</u>
Total Department of Treasury								

TOWN OF PHILLIPSBURG
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

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>	Clean Communities Grant	765-042-4900- 004-6020	\$ 26,352.57	01/01/12	12/31/14		\$ 7,807.86	\$ 25,832.28
			30,332.62	01/01/13	12/31/14	\$ 30,332.62	18,549.49	18,549.49
			<u>56,685.19</u>			<u>30,332.62</u>	<u>26,357.35</u>	<u>44,381.77</u>
	Recycling Grant	752-042-4900- 001-6020	4,658.62	01/01/05	12/31/14		2,515.16	2,940.66
			8,432.33	01/01/06	12/31/13		8,432.33	8,432.33
			7,280.46	01/01/07	12/31/14		2,296.85	7,278.27
			15,577.81	01/01/08	12/31/14		11,535.00	11,535.00
			<u>21,252.00</u>	01/01/13	12/31/14	21,252.00		
			<u>57,201.22</u>			<u>21,252.00</u>	<u>24,779.34</u>	<u>30,186.26</u>
	Total Department of Environmental Protection			<u>113,886.41</u>			<u>51,584.62</u>	<u>51,136.69</u>
Total State Awards			<u>\$ 1,419,266.48</u>			<u>\$ 653,300.40</u>	<u>\$ 676,508.70</u>	<u>\$ 913,674.11</u>

N/A - Not Available

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013

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 Non-Profit 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 for both state and federal programs.

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. GREEN ACRES LOANS PAYABLE

At December 31, 2013, the Town has a \$165,122.71 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.

TOWN OF PHILLIPSBURG
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2013
(Continued)

G. NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2013, the Town has \$1,235,000.00 and \$1,150,551.87 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, 2013, the Town has received and expended \$2,636,645.18 of the \$2,799,220.00 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 was 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, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated March 27, 2014. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, 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

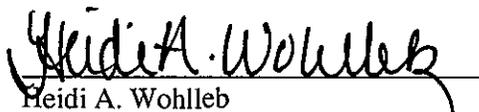
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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
March 27, 2014

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's OMB 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, 2013. 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's OMB 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's OMB 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, 2013.

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
March 27, 2014

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, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the Town which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' 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*.
- The auditor's report on compliance for the major federal and state programs for the Town expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The Town's programs tested as major federal and state programs for the current year consisted of the following federal and state programs:

	CFDA No./ State Account No.	Budgetary Expenditures
<u>Federal:</u>		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.871	\$ 1,740,154.52
<u>State:</u>		
N.J. Youth Corps - 2012 - ALWY13N	100-062-4545-095-6140	407,017.00
N.J. Youth Corps - 2013 - ALWY14N	100-062-4545-095-6140	135,216.00

- The threshold used for distinguishing between Type A and Type B for both federal and state programs was \$300,000.
- The Township was determined to be a "low-risk" auditee for both federal and state programs.

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, 2013

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in New Jersey's OMB Circular 04-04 or Federal OMB Circular A-133.

TOWN OF PHILLIPSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

There were no prior year findings.

TOWN OF PHILLIPSBURG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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 June 5, 2013, 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>
2013	18
2012	32
2011	31

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 2014 Taxes	20
Payments of 2013 Taxes	20
Payments of Sewer Utility Charges	10
Delinquent Taxes	20
Delinquent Sewer Utility Charges	10
Sewer and Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2013 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance <u>Dec. 31, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2013</u>
State of New Jersey	\$ 9,838.69	\$ 138,054.75	\$ 138,653.04	\$ 9,240.40
County	5,778.50	95,969.52	93,411.02	8,337.00
Municipality	21,587.81	284,351.03	283,441.09	22,497.75
Municipality - POAA	8.00	201.00	175.00	34.00
Conditional Discharge		1,275.00	1,270.00	5.00
Public Defender	125.00	3,323.00	3,148.00	300.00
Weights and Measures		9,900.00	9,200.00	700.00
Restitution		718.54	678.54	40.00
	<u>\$ 37,338.00</u>	<u>\$ 533,792.84</u>	<u>\$ 529,976.69</u>	<u>\$ 41,154.15</u>

TOWN OF PHILLIPSBURG
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

There are a number of older Current Fund grant receivables and appropriated grant reserves. These grant receivables and appropriated grant reserves should be reviewed for cancellation in 2014.

There are a number of older Sewer Utility Capital Fund Improvement Authorization balances. These improvement authorization balances should be reviewed for cancellation in 2014.

The permits issued by the Public Works Department are issued in numerical sequence; however, the permits are not pre-numbered. Consideration be given to the use of pre-numbered permits by the Public Works Department.

Purchase Order Process

Over the last two years there has been considerable changes in the key administrative and financial positions in the Town which resulted in changes in the Town's process to review and approve purchase orders. The Town is currently reviewing and refining this process to ensure that the most efficient and effective process is in place. The Town should finalize this review and implement any necessary changes in 2014.

Corrective Action Plan

There were no recommendations from the 2012 audit.

TOWN OF PHILLIPSBURG
SUMMARY OF RECOMMENDATIONS

NONE
