

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Town of Phillipsburg*

*in the*

*County of Warren*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2019*



TOWN OF PHILLIPSBURG

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TOWN OF PHILLIPSBURG

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2019 AND 2018



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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Town Council  
Town of Phillipsburg  
County of Warren  
Phillipsburg, New Jersey 08865

***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Town of Phillipsburg, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's regulatory financial statements as listed in the 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 the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 of Phillipsburg'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 of Phillipsburg'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 regulatory financial statements.

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for 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 the various individual funds and account group of the Town of Phillipsburg as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2019.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2019 and 2018, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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## ***Other Matters***

### *Other Information*

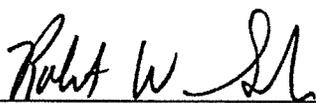
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Phillipsburg's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, as required by the Uniform Guidance are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and data in the table of contents, schedule of expenditures of federal awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020 on our consideration of the Town of Phillipsburg'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 of Phillipsburg's internal control over financial reporting and compliance.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 16, 2020

CURRENT FUND

TOWN OF PHILLIPSBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>ASSETS</u>			
Cash - Treasurer	A-4	\$ 5,016,433.72	\$ 11,507,508.75
Cash - Collector	A-5	6,679,781.97	191,666.38
Change Fund	A-7	<u>1,869.00</u>	<u>1,869.00</u>
		<u>\$ 11,698,084.69</u>	<u>\$ 11,701,044.13</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 993,707.46	\$ 1,069,075.18
Tax Title Liens Receivable	A-10	175,390.64	352,089.65
Property Acquired for Taxes - Assessed Valuation	A-11	1,849,700.00	1,849,700.00
Municipal Charges Receivable	A-12	16,125.00	14,732.50
Municipal Lien Charges Receivable	A-13	21,668.92	20,211.92
Revenue Accounts Receivable	A-16	11,364.00	11,395.33
Interfunds Receivable	A-15	193.83	1,296.93
Due From Claims		548.11	729.93
Due From Payroll		27.63	11.97
	A	<u>\$ 3,068,725.59</u>	<u>\$ 3,319,243.41</u>
Deferred Charges:			
Special Emergency N.J.S.A. 40A:4-53	A-36	\$ 160,000.00	\$ 200,000.00
Emergency Authorizations N.J.S.A. 40A:4-47	A-37	<u>36,000.00</u>	<u>200,000.00</u>
		<u>\$ 196,000.00</u>	<u>\$ 200,000.00</u>
	A	<u>\$ 14,962,810.28</u>	<u>\$ 15,220,287.54</u>
Grant Fund:			
Due Current Fund	A-32	\$ 365,513.47	\$ 549,611.72
Grants Receivable	A-28	<u>2,007,159.69</u>	<u>1,295,957.60</u>
	A	<u>\$ 2,372,673.16</u>	<u>\$ 1,845,569.32</u>
	A	<u>\$ 17,335,483.44</u>	<u>\$ 17,065,856.86</u>

TOWN OF PHILLIPSBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriations Reserves	A-3:A-17	\$ 990,132.46	\$ 1,145,146.24
Due State of New Jersey - Senior Citizens and Veterans	A-8	42,166.48	45,355.50
Prepaid Taxes	A-21	189,043.54	459,178.07
Accounts Payable	A-14	431,444.04	504,170.64
Tax Overpayments	A-20	3,495.00	1,283.86
Interfunds Payable	A-15	784,021.26	885,689.76
Reserve For:			
Sale of Municipal Assets	A-22	1,981,396.19	2,196,396.19
Construction Code DCA - Due State of New Jersey	A-19	2,291.00	2,670.00
County Taxes Payable	A-23	5,527.75	2,571.88
Regional School Taxes Payable	A-24	2,424,110.46	2,286,699.46
Tax Appeals	A-18	267,919.89	225,402.13
Dog License Fees Due State of NJ	A-25	1.20	26.80
Marriage/Civil Union Licenses - Due State of NJ	A-30	925.00	500.00
Revaluation	A-33	3,376.02	7,112.52
Library Expenditures	A-34	210,750.62	406,912.44
Digital Tax Maps	A-35	13,710.00	13,710.00
		\$ 7,350,310.91	\$ 8,182,825.49
Reserve for Receivables and Other Assets	A	3,068,725.59	3,319,243.41
Fund Balance	A-1	4,543,773.78	3,718,218.64
	A	\$ 14,962,810.28	\$ 15,220,287.54
Grant Fund:			
Reserve for Grants - Appropriated	A-26	\$ 2,358,345.94	\$ 1,446,078.95
Accounts Payable	A-31	14,327.22	399,490.37
	A	\$ 2,372,673.16	\$ 1,845,569.32
	A	\$ 17,335,483.44	\$ 17,065,856.86

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

## TOWN OF PHILLIPSBURG

## CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,600,000.00	\$ 1,275,000.00
Miscellaneous Revenue Anticipated	A-2	6,953,283.92	5,038,212.93
Receipts From Delinquent Taxes	A-2	1,263,186.43	1,013,409.20
Receipts From Current Taxes	A-2	27,358,956.39	26,905,439.83
Non-Budget Revenue	A-2	371,739.29	303,253.62
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-17	784,951.48	778,277.56
Accounts Payable Canceled	A-14	7,718.00	135,912.66
Reserves Canceled	A-15	21,600.00	32,300.00
Interfunds Returned		1,269.26	
Tax Overpayments Canceled	A-20		7.04
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 38,362,704.77</u>	<u>\$ 35,481,812.84</u>
<u>EXPENDITURES</u>			
Budget Appropriations	A-3	\$ 18,538,303.21	\$ 16,864,281.78
County Taxes	A-23	4,873,261.07	5,020,402.71
Regional School District Taxes	A-24	12,415,307.00	12,140,485.00
Municipal Open Space Taxes	A-29	141,441.78	142,081.70
Refund of Prior Year Revenue	A-4	4,836.57	2,391.45
Interfunds Advanced			936.33
<u>TOTAL EXPENDITURES</u>		<u>\$ 35,973,149.63</u>	<u>\$ 34,170,578.97</u>
Excess in Revenue		\$ 2,389,555.14	\$ 1,311,233.87
Adjustments to Income Before Fund Balance; Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		\$ 36,000.00	\$ 200,000.00
Excess to Fund Balance		\$ 2,425,555.14	\$ 1,511,233.87
Fund Balance, January 1	A	3,718,218.64	3,481,984.77
		\$ 6,143,773.78	\$ 4,993,218.64
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,600,000.00	1,275,000.00
Fund Balance, December 31	A	<u>\$ 4,543,773.78</u>	<u>\$ 3,718,218.64</u>

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		ANTICIPATED BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 1,600,000.00		\$ 1,600,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-16	\$ 32,870.00	\$	\$ 31,390.00	\$ (1,480.00)
Other	A-16	5,680.00		3,987.00	(1,693.00)
Fees and Permits:					
Construction Code Official	A-2	310,332.00		745,594.60	435,262.60
Other	A-2	399,695.00		407,696.83	8,001.83
Municipal Court:					
Fines and Costs	A-16	166,569.00		169,482.46	2,913.46
Interest and Costs on Taxes	A-16	189,776.00		269,497.33	79,721.33
Interest on Investments and Deposits	A-16	118,933.00		114,119.76	(4,813.24)
Consolidated Municipal Property Tax Relief Aid	A-16	261,664.00		261,664.00	
Energy Receipts Tax	A-16	1,743,737.00		1,743,737.00	
Municipal Alliance Program	A-28		12,240.00	12,240.00	
NJ Youth Corps	A-28		432,000.00	432,000.00	
NJ Youth Corps -RISE	A-28		43,600.00	43,600.00	
School Resource Officer - BOE	A-28		234,322.54	234,322.54	
Urban Aid - Heckman Street Phase III	A-28		322,265.00	322,265.00	
Urban Aid - Heckman Street Phase IV	A-28		214,881.00	214,881.00	
Recycling Tonnage Grant	A-28	19,545.00		19,545.00	
Clean Communities Program	A-28		36,167.71	36,167.71	
Body Armor Replacement Fund	A-28	4,048.95		4,048.95	
Station House Adjustment Program	A-28		14,476.00	14,476.00	
Neighborhood Preservation Program - 2019	A-28		125,000.00	125,000.00	
Statewide Insurance Fund- Safety Grant	A-28		8,274.66	8,274.66	
Elizabethtown Gas Road Improvement	A-28		348,174.00	348,174.00	
Payment in Lieu of Taxes - Federal Housing Project	A-16	135,346.00		155,197.42	19,851.42
Payment in Lieu of Taxes - Sewage Treatment Plant	A-16	83,500.00		83,500.00	
Interlocal Agreement - Alpha - Police Services	A-16	425,000.00		425,000.00	
Interlocal Agreement - Alpha - Municipal Court	A-16	22,500.00		22,500.00	
Municipal Swimming Pool Receipts	A-16	22,077.00		35,095.52	13,018.52
Payment in Lieu of Taxes - Phillipmain LLC	A-16	8,186.40		6,584.70	(1,601.70)
Cable Franchise Fees	A-16	51,182.00		51,182.00	
Parking Meters - Municipal	A-2	20,000.00		15,267.44	(4,732.56)
Sale of Municipal Assets	A-22	215,000.00		215,000.00	
Insurance Check	A-16	21,793.00		21,793.00	
Capital Fund Balance	A-16	185,000.00		185,000.00	
Utility Operating Surplus of Prior Year	A-16	175,000.00		175,000.00	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 4,617,434.35	\$ 1,791,400.91	\$ 6,953,283.92	\$ 544,448.66
Receipts From Delinquent Taxes	A-1	\$ 990,000.00	\$	\$ 1,263,186.43	\$ 273,186.43
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-1-A-2	\$ 11,035,859.64		\$ 11,434,574.58	\$ 398,714.94
<b><u>BUDGET TOTALS</u></b>		\$ 18,243,293.99	\$ 1,791,400.91	\$ 21,251,044.93	\$ 1,216,350.03
Non-Budget Revenues	A-2			371,739.29	371,739.29
		\$ 18,243,293.99	\$ 1,791,400.91	\$ 21,622,784.22	\$ 1,588,089.32
REF.		A-3	A-3		

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Collections	A-9	\$ 27,458,956.39
Less: 2019 Taxes Pending Appeal	A-18	100,000.00
	A-1	\$ <u>27,358,956.39</u>
Allocated To:		
County Taxes	A-9	4,873,261.07
Regional School District Taxes	A-9	12,415,307.00
Municipal Open Space Taxes	A-9	141,441.78
		\$ <u>17,430,009.85</u>
Balance for Support of Municipal Budget Appropriations		\$ 9,928,946.54
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,505,628.04</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>11,434,574.58</u></u>
Other - Fees and Permits:		
Clerk		\$ 967.80
Police		5,716.51
Planning		1,690.00
Registrar		33,765.00
Engineering		108,648.63
Abandoned Property Registration Fees		242,791.69
Connection Fees		5,500.00
Zoning		4,575.00
Fire		1,630.00
Miscellaneous		<u>2,412.20</u>
	A-2:A-16	\$ <u><u>407,696.83</u></u>
Uniform Construction Code Fees	A-16	\$ 745,790.60
Less: Refunds	A-4	<u>196.00</u>
	A-2	<u><u>745,594.60</u></u>
Parking Meters: Municipal	A-16	\$ 15,377.44
Less: Refunds	A-4	<u>110.00</u>
	A-2	<u><u>15,267.44</u></u>

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

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019  
REF.

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:			
Tax Collector Miscellaneous		\$	9,179.13
Pavillion Rental Fees			1,660.00
Seniors and Veterans Admin Fee			2,000.67
Police Outside Overtime Admin Fees			54,799.83
Sale of Municipal Assets			11,032.00
Public Works Invoices			900.00
Gasoline Invoices			27,536.53
Library Fees			5,794.00
Recycling Revenue Fees			1,280.00
Restitution			1,948.73
Insurance Reimbursements			23,999.56
Bad Check Fees			300.00
Workers Compensation			18,518.30
Miscellaneous			<u>134,774.26</u>
	A-4	\$	293,723.01
Tax Collector	A-5		13,000.32
Municipal Charges Receivable	A-12		<u>70,761.50</u>
		\$	377,484.83
Less: Refunds	A-4		<u>5,745.54</u>
<u>Total Non-Budget Revenue</u>	A-1:A-2	\$	<u><u>371,739.29</u></u>

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, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL ADMINISTRATION					
Salaries and Wages	\$ 63,800.00	\$ 48,800.00	\$ 46,667.56	\$ 2,132.44	\$
Other Expenses	99,500.00	94,500.00	93,181.63	1,318.37	
HUMAN RESOURCES					
Other Expenses	17,000.00	13,500.00	13,464.52	35.48	
MAYOR AND COUNCIL					
Salaries and Wages	51,000.00	51,000.00	49,381.89	1,618.11	
Other Expenses	15,000.00	15,000.00	7,655.66	7,344.34	
MUNICIPAL CLERK					
Salaries and Wages	210,750.00	210,750.00	204,430.74	6,319.26	
Other Expenses	56,700.00	66,700.00	61,458.80	5,241.20	
FINANCIAL ADMINISTRATION					
Salaries and Wages	160,000.00	159,000.00	154,099.01	4,900.99	
Other Expenses	32,375.00	36,875.00	36,548.73	326.27	
Audit	21,000.00	21,000.00	20,695.00	305.00	
REVENUE ADMINISTRATION					
Salaries and Wages	91,800.00	91,800.00	87,845.46	3,954.54	
Other Expenses	17,100.00	17,100.00	13,103.25	3,996.75	
TAX ASSESSMENT ADMINISTRATION					
Salaries and Wages	151,235.00	151,235.00	147,891.74	3,343.26	
Other Expenses	20,000.00	20,000.00	18,869.87	1,130.13	
Other Expenses - Tax Maps					
LEGAL SERVICES					
Other Expenses	300,000.00	300,000.00	236,186.72	63,813.28	
ENGINEERING SERVICES					
Other Expenses	85,000.00	95,000.00	90,495.28	4,504.72	
LAND USE BOARD					
Other Expenses	3,500.00	500.00		500.00	
POLICE DEPARTMENT					
Salaries and Wages	4,287,700.00	4,213,700.00	3,982,521.43	231,178.57	
Other Expenses	301,493.00	366,493.00	319,348.94	47,144.06	
EMERGENCY MANAGEMENT					
Salaries and Wages	9,850.00	9,850.00	9,832.39	17.61	
Other Expenses	1,200.00	1,200.00	220.02	979.98	
Aid to Volunteer Fire Companies	24,000.00	24,000.00	24,000.00		
Aid to First Aid Organization	15,000.00	15,000.00		15,000.00	
FIRE DEPARTMENT					
Salaries and Wages	13,575.00	13,575.00	13,557.61	17.39	
Other Expenses	74,800.00	74,800.00	71,341.39	3,458.61	
Supplemental Fire Services	7,000.00	7,000.00	6,690.60	309.40	
MUNICIPAL PROSECUTOR					
Salaries and Wages	38,500.00	38,500.00	38,291.64	208.36	
PUBLIC SERVICES FUNCTIONS:					
Streets and Road Maintenance					
Salaries and Wages	532,750.00	537,750.00	532,656.78	5,093.22	
Other Expenses	240,000.00	230,100.00	176,607.84	53,492.16	
Other Public Works Functions					
Salaries and Wages	37,550.00	37,550.00	35,545.92	2,004.08	
Other Expenses	12,300.00	12,300.00	11,561.28	738.72	
PEOSHA	8,000.00	22,000.00	10,571.26	11,428.74	
Solid Waste Collection					
Salaries and Wages	538,500.00	543,500.00	537,593.56	5,906.44	
Other Expenses	11,000.00	11,000.00	9,176.97	1,823.03	
Buildings and Grounds					
Salaries and Wages	356,600.00	356,600.00	344,416.74	12,183.26	
Other Expenses	165,000.00	160,000.00	114,426.24	45,571.76	
Vehicle Maintenance					
Salaries and Wages	76,000.00	76,000.00	69,752.98	6,247.02	
Other Expenses	175,000.00	185,000.00	182,263.52	2,736.48	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Animal Control Services					
Salaries and Wages	36,000.00	31,000.00	25,837.52	5,162.48	
Other Expenses	24,000.00	24,000.00	12,625.80	11,374.20	
Contribution to Social Services					
Other Expenses	68,500.00	63,500.00	43,620.00	19,880.00	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	80,000.00	67,575.00	66,612.08	962.92	
Other Expenses	48,300.00	42,300.00	34,777.42	7,522.58	
Municipal Swimming Pool					
Salaries and Wages	55,000.00	38,325.00	38,309.50	15.50	
Other Expenses	40,000.00	40,000.00	39,626.28	373.72	
Celebration of Public Events					
Other Expenses	2,000.00				

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>UTILITY EXPENSES AND BULK PURCHASING</b>					
Electricity	\$ 155,000.00	\$ 155,000.00	\$ 125,151.48	\$ 29,848.52	\$
Street Lighting	150,000.00	140,000.00	109,905.18	30,094.82	
Telephone					
Other Expenses	79,000.00	82,000.00	79,297.08	2,702.92	
Water	175,000.00	175,000.00	122,315.04	52,684.96	
Gas (Natural or Propane)	40,000.00	40,000.00	36,633.85	3,366.15	
Gasoline	165,000.00	160,000.00	155,952.14	24,047.86	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Waste Disposal					
Other Expenses	525,000.00	545,000.00	524,653.05	20,346.95	
<b>MUNICIPAL COURT</b>					
Municipal Court					
Salaries and Wages	261,750.00	261,750.00	242,995.25	18,754.75	
Other Expenses	22,825.00	22,825.00	17,311.71	5,513.29	
Public Defender					
Salaries and Wages	10,550.00	10,550.00	10,540.22	9.78	
<b>INSURANCE</b>					
Liability Insurance	231,800.00	231,800.00	230,557.95	1,242.05	
Workers Compensation Insurance	305,800.00	305,800.00	305,736.04	63.96	
Employee Group Insurance	1,364,972.00	1,364,972.00	1,332,095.65	32,876.35	
Health Benefit Wavier	32,000.00	32,000.00		32,000.00	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Code Enforcement					
Salaries and Wages	454,700.00	454,700.00	436,207.89	18,492.11	
Other Expenses	42,000.00	42,000.00	20,557.69	21,442.31	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 12,690,775.00</b>	<b>\$ 12,678,775.00</b>	<b>\$ 11,783,673.79</b>	<b>\$ 895,101.21</b>	<b>\$</b>
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>\$ 12,690,775.00</b>	<b>\$ 12,678,775.00</b>	<b>\$ 11,783,673.79</b>	<b>\$ 895,101.21</b>	<b>\$</b>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</b>					
<b>DEFERRED CHARGES</b>					
<b>CONTRIBUTION TO</b>					
Public Employees' Retirement System	\$ 450,798.00	\$ 450,798.00	\$ 450,798.00	\$	\$
Social Security System	305,000.00	317,000.00	316,143.02	856.98	
Police and Firemen's Retirement System	1,042,699.00	1,042,699.00	1,042,699.00		
DCRP	9,000.00	9,000.00	4,240.76	4,759.24	
Unemployment Compensation Insurance	28,000.00	28,000.00	27,905.81	94.19	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>	<b>\$ 1,835,497.00</b>	<b>\$ 1,847,497.00</b>	<b>\$ 1,841,786.59</b>	<b>\$ 5,710.41</b>	<b>\$</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>\$ 14,526,272.00</b>	<b>\$ 14,526,272.00</b>	<b>\$ 13,625,460.38</b>	<b>\$ 900,811.62</b>	<b>\$</b>
<b>OPERATIONS EXCLUDED FROM "CAPS"</b>					
Maintenance of Free Public Library	\$ 745,000.00	\$ 745,000.00	\$ 665,107.16	\$ 79,892.84	\$
Recycling Tax	26,000.00	26,000.00	16,572.00	9,428.00	
<b>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</b>	<b>\$ 771,000.00</b>	<b>\$ 771,000.00</b>	<b>\$ 681,679.16</b>	<b>\$ 89,320.84</b>	<b>\$</b>
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>					
Borough Of Alpha - Police Services	\$ 425,000.00	\$ 425,000.00	\$ 425,000.00	\$	\$
Borough Of Alpha - Municipal Court	22,500.00	22,500.00	22,500.00		
Borough Of Alpha - Municipal Court - Facilities	22,000.00	22,000.00	22,000.00		
<b>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>	<b>\$ 469,500.00</b>	<b>\$ 469,500.00</b>	<b>\$ 469,500.00</b>	<b>\$</b>	<b>\$</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Board of Education - SRO (40A:4-87 +\$234,322.54)	\$	\$ 234,322.54	\$ 234,322.54	\$	\$
Elton Gas - Various Road Improvements (40A:4-87 +\$348,174.00)		348,174.00	348,174.00		
Recycling Tonnage Grant	19,545.00	19,545.00	19,545.00		
Clean Communities Program (40A:4-87 +\$36,167.71)		36,167.71	36,167.71		

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, 2019

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (CONTINUED)</b>					
Municipal Alliance of Alcoholism and Drug Abuse:					
State (40A:4-87 + \$12,240.00)	\$	\$ 12,240.00	\$ 12,240.00	\$	\$
Local	3,750.00	3,750.00	3,750.00		
Department of Human Services					
New Jersey Youth Corps Grant (40A:4-87 + \$432,000.00)		432,000.00	432,000.00		
New Jersey Youth Corps - RISE (40A:4-87 + \$43,600.00)		43,600.00	43,600.00		
Urban Aid -Heckman Street Phase III (40A:4-87 + \$322,265.00)		322,265.00	322,265.00		
Urban Aid -Heckman Street Phase IV (40A:4-87 + \$214,881.00)		214,881.00	214,881.00		
Body Armor Grant	4,048.95	4,048.95	4,048.95		
Station House Adjustment Program (40A:4-87 + \$14,476.00)		14,476.00	14,476.00		
Neighborhood Preservation Program (40A:4-87 + \$125,000.00)		125,000.00	125,000.00		
Statewide Insurance Fund- Safety Grant (40A:4-87 + \$8,274.66)		8,274.66	8,274.66		
<b>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>	\$ 27,343.95	\$ 1,818,744.86	\$ 1,818,744.86	\$	\$
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	\$ 1,267,843.95	\$ 3,059,244.86	\$ 2,969,924.02	\$ 89,320.84	\$
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	\$ 185,000.00	\$ 221,000.00	\$ 221,000.00	\$	\$
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	\$ 185,000.00	\$ 221,000.00	\$ 221,000.00	\$	\$
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	\$ 505,000.00	\$ 505,000.00	\$ 505,000.00	\$	\$
Interest on Bonds	160,000.00	160,000.00	156,051.26		3,948.74
Green Trust Loan Program					
Loan Repayments for Principal and Interest	15,550.00	15,550.00	15,545.79		4.21
Capital Lease Obligation	38,000.00	38,000.00	15,189.30		22,810.70
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	\$ 718,550.00	\$ 718,550.00	\$ 691,786.35	\$	\$ 26,763.65
<b>DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS</b>					
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$	\$
<b>TOTAL DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM CAPS</b>	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$	\$
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	\$ 2,211,393.95	\$ 4,038,794.86	\$ 3,922,710.37	\$ 89,320.84	\$ 26,763.65
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	\$ 16,737,665.95	\$ 18,565,066.86	\$ 17,548,170.75	\$ 990,132.46	\$ 26,763.65
<b>RESERVE FOR UNCOLLECTED TAXES</b>	\$ 1,505,628.04	\$ 1,505,628.04	\$ 1,505,628.04	\$	\$
<b>TOTAL GENERAL APPROPRIATIONS</b>	\$ 18,243,293.99	\$ 20,070,694.90	\$ 19,053,798.79	\$ 990,132.46	\$ 26,763.65
	REF.	A-2:A-3	A-3	A-1:A-3	A:A-1
Budget	A-3		\$ 18,243,293.99		
Emergency - N.J.S.A. 40A:4-46	A-37		36,000.00		
Appropriation by 40A:4-87	A-2		1,791,400.91		
	A-3		\$ 20,070,694.90		
Reserve for Accounts Payable	A-14		\$ 340,019.41		
Reserve for Grants Appropriated	A-26		1,818,744.86		
Deferred Charges	A-36		40,000.00		
Reserve for Uncollected Taxes	A-2		1,505,628.04		
Disbursements (Net of Refunds)	A-4		15,349,406.48		
	A-3		\$ 19,053,798.79		

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

TRUST FUND

"B"

TOWN OF PHILLIPSBURG

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
Animal Control Fund:			
Cash	B-1	\$ 8,828.86	\$ 11,703.75
		<u>\$ 8,828.86</u>	<u>\$ 11,703.75</u>
Other Funds:			
Cash	B-1	\$ 1,919,415.29	\$ 1,538,595.67
Due Current Fund	B-3	418,507.79	336,078.04
Accounts Receivable - Police Outside Overtime Vendors	B-11	35,972.92	8,607.28
Accounts Receivable - Revolving Loans	B-4	437,233.65	407,681.33
		<u>\$ 2,811,129.65</u>	<u>\$ 2,290,962.32</u>
		<u>\$ 2,819,958.51</u>	<u>\$ 2,302,666.07</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve For Expenditures	B-9	\$ 3,076.61	\$ 10,951.50
Accounts Payable	B-13	5,000.00	
Reserve For Dog Park	B-10	752.25	752.25
		<u>\$ 8,828.86</u>	<u>\$ 11,703.75</u>
Other Funds:			
Accounts Payable	B-7	\$ 49,295.05	\$ 9,856.11
Reserve for Community Development Revolving Loans	B-5	736,359.28	733,917.32
Reserve for Federal Housing Assistance Program	B-6	238,412.61	173,286.22
Reserve for Various Trust Deposits	B-8	1,503,606.53	1,373,902.67
Reserve for Municipal Open Space Deposits	B-12	283,456.18	
		<u>\$ 2,811,129.65</u>	<u>\$ 2,290,962.32</u>
		<u>\$ 2,819,958.51</u>	<u>\$ 2,302,666.07</u>

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

GENERAL CAPITAL FUND

"C"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 255,050.06	\$ 1,961,634.40
Deferred Charges to Future Taxation:			
Funded	C-5	5,184,484.58	5,703,076.47
Unfunded	C-6	<u>10,278,985.00</u>	<u>1,966,125.00</u>
		<u>\$ 15,718,519.64</u>	<u>\$ 9,630,835.87</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 5,097,000.00	\$ 5,602,000.00
Green Acres Loans Payable	C-11	87,484.58	101,076.47
Due Current Fund	C-13	193.83	1,290.73
Capital Improvement Fund	C-7	23,319.84	220,891.84
Improvement Authorizations:			
Funded	C-9	858,932.31	849,469.97
Unfunded	C-6:C-9	8,919,015.76	1,004,182.32
Reserve for:			
Capital Projects	C-4	36,780.16	36,780.16
Contracts Payable	C-12	683,227.94	1,617,579.16
Fund Balance	C-1	<u>12,565.22</u>	<u>197,565.22</u>
		<u>\$ 15,718,519.64</u>	<u>\$ 9,630,835.87</u>

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

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 197,565.22
Decreased by-		
Utilized as Anticipated Revenue Current Fund	C-2	<u>185,000.00</u>
Balance, December 31, 2019	C	<u>\$ 12,565.22</u>

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

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SEWER UTILITY FUND

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
<b>OPERATING FUND:</b>			
Cash - Treasurer	D-5	\$ 1,704,500.68	\$ 1,948,886.61
Cash - Collector	D-6	483,563.60	7,034.95
Change Fund	D-8	500.00	500.00
Interfund Accounts Receivable	D-9	<u>2,202.49</u>	<u>2,422.48</u>
		<u>\$ 2,190,766.77</u>	<u>\$ 1,958,844.04</u>
<b>Receivables with Full Reserves:</b>			
Sewer Charges Receivable	D-11	\$ 142,158.59	\$ 119,791.41
Sewer Utility Liens	D-10	<u>2,238.90</u>	<u>10,618.31</u>
	D	<u>\$ 144,397.49</u>	<u>\$ 130,409.72</u>
<b><u>TOTAL OPERATING FUND</u></b>	D	<u>\$ 2,335,164.26</u>	<u>\$ 2,089,253.76</u>
<b>CAPITAL FUND - REGULAR:</b>			
Cash	D-5	\$ 3,457,615.82	\$ 3,787,268.43
EIT Loan Receivable - Trust	D-26		117,015.00
EIT Loan Receivable - Fund	D-27		351,039.00
Fixed Capital	D-17	28,185,039.88	28,185,039.88
Fixed Capital Authorized and Uncompleted	D-16	<u>18,593,686.31</u>	<u>18,093,686.31</u>
<b><u>TOTAL CAPITAL FUND</u></b>	D	<u>\$ 50,236,342.01</u>	<u>\$ 50,534,048.62</u>
	D	<u>\$ 52,571,506.27</u>	<u>\$ 52,623,302.38</u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	D-4:D-15	\$ 153,410.62	\$ 323,524.09
Accounts Payable	D-14	278,690.25	23,819.49
Miscellaneous Reserves	D-29	4,155.20	
Sewer Overpayments	D-12	6,351.29	10,136.55
Accrued Interest on Loans	D-13	42,370.83	46,041.67
		<u>\$ 484,978.19</u>	<u>\$ 403,521.80</u>
Reserve for Receivables	D	144,397.49	130,409.72
Fund Balance	D-1	<u>1,705,788.58</u>	<u>1,555,322.24</u>
		<u>\$ 2,335,164.26</u>	<u>\$ 2,089,253.76</u>
<u>TOTAL OPERATING FUND</u>			
 <u>CAPITAL FUND - REGULAR:</u>			
Liabilities:			
EIT Loan Payable - Trust	D-22	\$ 2,656,000.00	\$ 2,865,000.00
EIT Loan Payable - Fund	D-23	5,196,962.07	5,937,681.82
Interfunds Payable	D-28	2,202.49	2,422.48
Improvement Authorizations:			
Funded	D-21	1,223,519.16	1,009,033.95
Unfunded	D-21	759,074.00	759,074.00
Contracts Payable	D-20	110,095.86	174,713.69
Capital Improvement Fund	D-24	1,824,180.53	2,274,180.53
Reserve for Sewer Improvements	D-25	207,152.00	236,452.00
Reserve for Amortization	D-19	32,028,195.81	31,407,004.06
Deferred Reserve for Amortization	D-18	5,809,966.31	5,309,966.31
		<u>\$ 49,817,348.23</u>	<u>\$ 49,975,528.84</u>
Fund Balance	D-2	<u>418,993.78</u>	<u>558,519.78</u>
		<u>\$ 50,236,342.01</u>	<u>\$ 50,534,048.62</u>
<u>TOTAL CAPITAL FUND</u>			
		<u>\$ 52,571,506.27</u>	<u>\$ 52,623,302.38</u>

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

"D-1"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-1:D-3	\$ 568,860.00	\$ 523,873.00
Sewer Use Charges	D-3	3,967,141.22	3,670,531.76
Miscellaneous Revenue Not Anticipated	D-3	352,237.45	237,176.39
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	<u>231,544.45</u>	<u>115,648.49</u>
<u>TOTAL INCOME</u>		<u>\$ 5,119,783.12</u>	<u>\$ 4,547,229.64</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 3,455,000.00	\$ 3,483,600.00
Capital Improvements	D-4	50,000.00	50,000.00
Debt Service	D-4	689,456.78	584,883.08
Deferred Charges and Statutory Expenditures	D-4	<u>31,000.00</u>	<u>31,000.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 4,225,456.78</u>	<u>\$ 4,149,483.08</u>
Excess to Revenue		\$ 894,326.34	\$ 397,746.56
Balance, January 1	D	<u>1,555,322.24</u>	<u>1,856,448.68</u>
		\$ 2,449,648.58	\$ 2,254,195.24
Decreased by:			
Utilization by Sewer Operating Budget	D-1	568,860.00	523,873.00
Prior Year Fund Balance Anticipated as Current Fund Revenue	D-5	<u>175,000.00</u>	<u>175,000.00</u>
Fund Balance, December 31	D	<u>\$ 1,705,788.58</u>	<u>\$ 1,555,322.24</u>

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

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 558,519.78
Decreased by:			
Canceled Receivable - Trust Loan	D-26	\$ 117,015.00	
Canceled Receivable - Fund Loan	D-27	<u>22,511.00</u>	
			<u>139,526.00</u>
Balance, December 31, 2019	D		\$ <u>418,993.78</u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2019

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	D-1	\$ 568,860.00	\$ 568,860.00	\$
Sewer Use Charges	D-3	3,668,140.00	3,967,141.22	299,001.22
		<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>BUDGET TOTALS</u>		\$ 4,237,000.00	\$ 4,536,001.22	\$ 299,001.22
Non - Budget Revenue	D-3		352,237.45	352,237.45
			<u>                    </u>	<u>                    </u>
		\$ 4,237,000.00	\$ 4,888,238.67	\$ 651,238.67
 <u>ANALYSIS OF SEWER USE CHARGES:</u>				
Sewer Charges Receivable	D-6		\$ 1,591,784.31	
Sewer Liens Receivable	D-6		15,250.66	
Sewer Overpayments Applied	D-11		10,136.55	
Sewer Charges - Outlining Districts	D-5		2,349,969.70	
			<u>                    </u>	
	D-1:D-3		\$ 3,967,141.22	
 <u>ANALYSIS OF NON-BUDGET REVENUE:</u>				
Miscellaneous - Collector	D-6		\$ 6,674.89	
Interest on Investments and Deposits - Treasurer		\$ 32,096.46		
Septic Billing		241,318.66		
Miscellaneous		72,147.44		
		<u>                    </u>	<u>                    </u>	
	D-5		345,562.56	
			<u>                    </u>	
	D-1:D-3		\$ 352,237.45	

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

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
OPERATING:					
Salaries and Wages	\$ 330,000.00	\$ 330,000.00	\$ 296,657.45	\$ 33,342.55	\$
Other Expenses	3,125,000.00	3,125,000.00	3,012,485.43	112,514.57	
<b>TOTAL OPERATING</b>	<b>\$ 3,455,000.00</b>	<b>\$ 3,455,000.00</b>	<b>\$ 3,309,142.88</b>	<b>\$ 145,857.12</b>	<b>\$</b>
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00		\$
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>\$</b>	<b>\$</b>
DEBT SERVICE:					
NJEITF Principal & Interest	\$ 701,000.00	\$ 701,000.00	\$ 689,456.78		\$ 11,543.22
<b>TOTAL DEBT SERVICE</b>	<b>\$ 701,000.00</b>	<b>\$ 701,000.00</b>	<b>\$ 689,456.78</b>	<b>\$</b>	<b>\$ 11,543.22</b>
STATUTORY EXPENDITURES:					
Statutory Expenditures:					
Social Security	\$ 28,000.00	\$ 28,000.00	\$ 22,259.52	\$ 5,740.48	\$
Unemployment Compensation Insurance	3,000.00	3,000.00	1,186.98	1,813.02	
<b>TOTAL STATUTORY EXPENDITURES</b>	<b>\$ 31,000.00</b>	<b>\$ 31,000.00</b>	<b>\$ 23,446.50</b>	<b>\$ 7,553.50</b>	<b>\$</b>
	<b>\$ 4,237,000.00</b>	<b>\$ 4,237,000.00</b>	<b>\$ 4,072,046.16</b>	<b>\$ 153,410.62</b>	<b>\$ 11,543.22</b>
	<b>REF.</b>		<b>D-1</b>	<b>D:D-1</b>	
Disbursements	D-5		\$ 3,701,142.73		
Accrued Interest on Loans	D-13		116,265.03		
Accounts Payable	D-14		254,638.40		
			<b>\$ 4,072,046.16</b>		

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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TOWN OF PHILLIPSBURG

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2019</u>	BALANCE DECEMBER <u>31, 2018</u>
FIXED ASSETS		
Land	\$ 9,823,000.00	\$ 11,307,600.00
Buildings	14,772,100.00	14,772,100.00
Machinery and Equipment	<u>8,201,295.90</u>	<u>8,534,384.90</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 32,796,395.90</u>	<u>\$ 34,614,084.90</u>
RESERVE		
Investments in General Fixed Assets (as restated)	<u>\$ 32,796,395.90</u>	<u>\$ 34,614,084.90</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF PHILLIPSBURG

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Phillipsburg is an instrumentality of the State of New Jersey established to function as a municipality. The Town Council consists of elected officials and is responsible for the fiscal control of the Town.

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.A. 40A:5-5. Accordingly, the financial statements of the Town of Phillipsburg do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Town of Phillipsburg conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Town of Phillipsburg are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Town accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of 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 Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned sewer utility

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Town's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Town's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Town which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Town's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled 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. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Town as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Town has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Town's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Sewer Utility - Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Town presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Town considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Town of Phillipsburg had the following cash and cash equivalents at December 31, 2019:

	<u>Change Fund</u>	<u>Cash in Bank</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reconciled Balance</u>
Current Fund	\$1,869.00	\$11,549,681.25	\$177,745.25	\$31,210.81	\$11,696,215.69
Animal Control Fund		8,828.86			8,828.86
Trust Other Fund		1,953,064.06		33,648.77	1,919,415.29
General Capital Fund		255,050.06			255,050.06
Sewer Operating Fund		1,947,927.86	240,136.42		2,188,064.28
Sewer Capital Fund		3,457,615.82			3,457,615.82
	<u>\$1,869.00</u>	<u>\$19,172,167.91</u>	<u>\$417,881.67</u>	<u>\$64,859.58</u>	<u>\$19,525,190.00</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Town does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2019, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000 was covered by Federal Depository Insurance and \$18,922,167.91 was covered by NJ GUDPA.

B. Investments

The purchase of investments by the Town is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - 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 section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Town of Phillipsburg's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.



NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2019	\$ <u>729,938,032.00</u>
3-1/2 of Equalized Valuation Basis (Municipal)	\$ 25,547,831.12
Net Debt	<u>15,463,469.58</u>
Remaining Borrowing Power	\$ <u>10,084,361.54</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Town of Phillipsburg for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S. 40A:2-45

<u>Revenue from Fees, Rents, and Other Charges for Year and Fund Balance:</u>		\$ 4,888,238.67
Deductions:		
Operating and Maintenance Cost	\$ 3,486,000.00	
Debt Service	<u>963,127.62</u>	
Total Deductions		<u>4,449,127.62</u>
Excess in Revenue - Self Liquidating		\$ <u>439,111.05</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt Obligations:

General Serial Bonds:

\$6,102,000.00 General Obligation Bonds of 2017 due in annual installments of \$515,000.00 to \$622,000.00 through 2028 at a variable interest rate \$5,097,000.00

Green Acres Loans:

\$250,000.00 Delaware Heights Park Project of 2005 due in semi-annual installment of \$6,898.05 to \$7,695.94 through 2025 at an interest rate of 2.00% \$87,484.58

Sewer Utility Capital:

New Jersey Environmental Infrastructure Loans:

\$1,385,000.00 2010 Trust Loan Agreement of 2010 due in annual installments of \$66,000.00 to \$95,000.00 through 2029 at a variable interest rate. \$821,000.00

\$1,414,220.00 2010 Fund Loan Agreement of 2010 due in semi-annual installments of \$23,969.83 to \$47,939.66 through 2029. 719,094.93

\$1,905,000.00 2014 Trust Loan Agreement of 2014 due in annual installments of \$85,000.00 to \$135,000.00 through 2033 at a variable interest rate. 1,540,000.00

\$5,595,324 2014 Fund Loan Agreement of 2014 due in semi-annual installments of \$99,279.66 to \$198,559.32 through 2033. 3,907,569.78

\$345,000.00 2015 Trust Loan Agreement of 2015 due in annual installments of \$15,000.00 to \$25,000.00 through 2034 at a variable interest rate. 295,000.00

\$1,117,926.00 2015 Fund Loan Agreement of 2015 due in semi-annual installments of \$14,147.76 to \$28,295.52 through 2034. 570,297.36

\$7,852,962.07

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued:

There is \$10,278,985.00 General Capital and \$759,074.00 Sewer Capital Bonds and Notes Authorized but not Issued at December 31, 2019.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AT DECEMBER 31, 2019

<u>YEAR</u>	<u>GENERAL</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	\$515,000.00	\$135,851.26
2021	525,000.00	115,251.26
2022	540,000.00	94,251.26
2023	550,000.00	72,651.26
2024	565,000.00	61,651.26
2025	580,000.00	50,351.26
2026	595,000.00	38,751.26
2027	605,000.00	26,851.26
2028	622,000.00	13,995.00
	<u>\$5,097,000.00</u>	<u>\$609,605.08</u>

SCHEDULE OF GREEN TRUST LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2019

Delaware Heights Park Loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$13,865.09	\$1,680.72	\$15,545.81
2021	14,143.77	1,402.02	15,545.79
2022	14,428.07	1,117.74	15,545.81
2023	14,718.07	827.73	15,545.80
2024	15,013.90	531.90	15,545.80
2025	15,315.68	230.12	15,545.80
	<u>\$87,484.58</u>	<u>\$5,790.23</u>	<u>\$93,274.81</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2019

2010A Loan Payment Date	Fund Loan	Trust Loan		Total
	Principal	Principal	Interest	
2/1/20	\$23,969.83		\$17,050.00	\$17,050.00
8/1/20	47,939.66	\$66,000.00	17,050.00	83,050.00
2/1/21	23,969.83		15,300.00	15,300.00
8/1/21	47,939.66	71,000.00	15,300.00	86,300.00
2/1/22	23,969.83		14,175.00	14,175.00
8/1/22	47,939.66	76,000.00	14,175.00	90,175.00
2/1/23	23,969.83		12,575.00	12,575.00
8/1/23	47,939.66	76,000.00	12,575.00	88,575.00
2/1/24	23,969.83		10,975.00	10,975.00
8/1/24	47,939.66	81,000.00	10,975.00	91,975.00
2/1/25	23,969.83		9,275.00	9,275.00
8/1/25	47,939.66	85,000.00	9,275.00	94,275.00
2/1/26	23,969.83		7,475.00	7,475.00
8/1/26	47,939.66	85,000.00	7,475.00	92,475.00
2/1/27	23,969.83		5,900.00	5,900.00
8/1/27	47,939.66	91,000.00	5,900.00	96,900.00
2/1/28	23,969.83		4,000.00	4,000.00
8/1/28	47,939.66	95,000.00	4,000.00	99,000.00
2/1/29	23,969.83		2,000.00	2,000.00
8/1/29	47,939.69	95,000.00	2,000.00	97,000.00
	<u>\$719,094.93</u>	<u>\$821,000.00</u>	<u>\$197,450.00</u>	<u>\$1,018,450.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS ISSUED AND  
OUTSTANDING AT DECEMBER 31, 2019

2014A Loan Payment Date	Fund Loan Principal	Trust Loan Principal	Trust Loan Interest	Total
2/1/20	\$99,279.66		\$27,950.00	\$27,950.00
8/1/20	198,559.32	\$85,000.00	27,950.00	112,950.00
2/1/21	99,279.66		25,825.00	25,825.00
8/1/21	198,559.32	90,000.00	25,825.00	115,825.00
2/1/22	99,279.66		23,575.00	23,575.00
8/1/22	198,559.32	90,000.00	23,575.00	113,575.00
2/1/23	99,279.66		21,325.00	21,325.00
8/1/23	198,559.32	95,000.00	21,325.00	116,325.00
2/1/24	99,279.66		18,950.00	18,950.00
8/1/24	198,559.32	100,000.00	18,950.00	118,950.00
2/1/25	99,279.66		16,450.00	16,450.00
8/1/25	198,559.32	105,000.00	16,450.00	121,450.00
2/1/26	99,279.66		14,875.00	14,875.00
8/1/26	198,559.32	110,000.00	14,875.00	124,875.00
2/1/27	99,279.66		13,225.00	13,225.00
8/1/27	198,559.32	115,000.00	13,225.00	128,225.00
2/1/28	99,279.66		11,500.00	11,500.00
8/1/28	198,559.32	115,000.00	11,500.00	126,500.00
2/1/29	99,279.66		9,775.00	9,775.00
8/1/29	198,559.32	120,000.00	9,775.00	129,775.00
2/1/30	99,279.66		7,975.00	7,975.00
8/1/30	198,559.32	125,000.00	7,975.00	132,975.00
2/1/31	99,279.66		6,100.00	6,100.00
8/1/31	198,559.32	125,000.00	6,100.00	131,100.00
2/1/32	99,279.66		4,225.00	4,225.00
8/1/32	198,559.32	130,000.00	4,225.00	134,225.00
2/1/33	35,663.04		2,193.75	2,193.75
8/1/33		135,000.00	2,193.75	137,193.75
	<u>\$3,907,569.78</u>	<u>\$1,540,000.00</u>	<u>\$407,887.50</u>	<u>\$1,947,887.50</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS ISSUED AND OUTSTANDING AT DECEMBER 31, 2019

2015A-1 Loan Payment Date	Fund Loan		Trust Loan	
	Principal	Principal	Interest	Total
2/1/20	\$14,147.76		\$6,475.00	\$6,475.00
8/1/20	28,295.52	\$15,000.00	6,475.00	21,475.00
2/1/21	14,147.76		6,100.00	6,100.00
8/1/21	28,295.52	15,000.00	6,100.00	21,100.00
2/1/22	14,147.76		5,725.00	5,725.00
8/1/22	28,295.52	15,000.00	5,725.00	20,725.00
2/1/23	14,147.76		5,350.00	5,350.00
8/1/23	28,295.52	15,000.00	5,350.00	20,350.00
2/1/24	14,147.76		4,975.00	4,975.00
8/1/24	28,295.52	15,000.00	4,975.00	19,975.00
2/1/25	14,147.76		4,600.00	4,600.00
8/1/25	28,295.52	20,000.00	4,600.00	24,600.00
2/1/26	14,147.76		4,100.00	4,100.00
8/1/26	28,295.52	20,000.00	4,100.00	24,100.00
2/1/27	14,147.76		3,600.00	3,600.00
8/1/27	28,295.52	20,000.00	3,600.00	23,600.00
2/1/28	14,147.76		3,200.00	3,200.00
8/1/28	28,295.52	20,000.00	3,200.00	23,200.00
2/1/29	14,147.76		2,800.00	2,800.00
8/1/29	28,295.52	20,000.00	2,800.00	22,800.00
2/1/30	14,147.76		2,400.00	2,400.00
8/1/30	28,295.52	20,000.00	2,400.00	22,400.00
2/1/31	14,147.76		2,000.00	2,000.00
8/1/31	28,295.52	25,000.00	2,000.00	27,000.00
2/1/32	14,147.76		1,500.00	1,500.00
8/1/32	28,295.52	25,000.00	1,500.00	26,500.00
2/1/33	14,147.76		1,000.00	1,000.00
8/1/33	4,386.96	25,000.00	1,000.00	26,000.00
2/1/34			500.00	500.00
8/1/34		25,000.00	500.00	25,500.00
	<u>\$570,297.36</u>	<u>\$295,000.00</u>	<u>\$108,650.00</u>	<u>\$403,650.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Capital Leases Payable

The Town has entered into one capital lease agreement. This lease, for a police vehicle, is a two-year lease entered into in 2019. The following is a schedule of the future minimum lease payments as of December 31, 2019.

CALENDAR YEAR	PRINCIPAL	INTEREST	TOTAL
2020	\$ 17,574.03	\$ 1,289.97	\$ 18,864.00
2021	<u>7,715.95</u>	<u>144.05</u>	<u>7,860.00</u>
	\$ <u>25,289.98</u>	\$ <u>1,434.02</u>	\$ <u>26,724.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020, as introduced were as follows:

Current Fund	\$1,485,000.00
Sewer Utility Fund	\$485,000.00

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Town bills and collects its own property taxes and also the taxes for the County and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Town property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Town's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2019	BALANCE DECEMBER 31, 2018
Prepaid Taxes	<u>\$189,043.54</u>	<u>\$459,178.07</u>

NOTE 6: COMPENSATED ABSENCES

The Town of Phillipsburg permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$2,012,000.00. The Town has established a reserve in the Other Trust Fund in the amount of \$128,837.00. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2019.

NOTE 7: PENSIONS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrprts.shtml](http://www.nj.gov/treasury/pensions/annrprts.shtml).

Plan Descriptions

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 7: PENSIONS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2019, PERS provides for employee contributions of 7.50% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2019, members contributed at a uniform rate of 10.00% of base salary.

NOTE 7: PENSIONS (CONTINUED)

Funding Policy (Continued)

Certain portions of the costs are contributed by the employees. The Town's share of PERS and PFRS pension costs, which is based upon the annual billings received from the State, amounted to \$1,478,546.00 for 2019, \$1,366,714.00 for 2018 and \$1,317,158.00 for 2017.

The Town's share for DCRP amounted to \$4,240.76 for 2019, \$5,893.44 for 2018 and \$8,894.39 for 2017.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Town employees are also covered by Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2019. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2019.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$8,486,534.00 for the Town of Phillipsburg's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.0470990480 percent, which was a decrease of 0.0005492833 percent from its proportion measured as of June 30, 2018.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$438,455.00 for the Town of Phillipsburg's proportionate share of the total pension expense. The pension expense recognized in the Town's financial statement based on the April 1, 2019 billing was \$435,847.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 152,322.00	\$ 37,490.00
Changes of assumptions	847,412.00	2,945,649.00
Net difference between projected and actual earnings on pension plan investments		133,963.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>739,558.00</u>	<u>579,121.00</u>
	<u>\$ 1,739,292.00</u>	<u>\$ 3,696,223.00</u>

Other local amounts reported by the State as the Town's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	(\$212,964.60)
2021	(762,857.60)
2022	(677,752.60)
2023	(301,218.60)
2024	<u>(2,137.60)</u>
	<u><u>(\$1,956,931.00)</u></u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
Town's proportionate share of the pension liability	\$10,794,446.00	\$8,486,534.00	\$6,650,577.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Police and Firemen's Retirement System (PFRS)

At June 30, 2019, the State reported a net pension liability of \$13,328,288.00 for the Town of Phillipsburg's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

At June 30, 2019, the Town's proportion was 0.1089106484 percent, which was an increase of 0.0034149379 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$1,596,691.00. The pension expense recognized in the Town's financial statement based on the April 1, 2019 billing was \$1,031,376.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 112,508.00	\$ 84,384.00
Changes of assumptions	456,700.00	4,307,581.00
Net difference between projected and actual earnings on pension plan investments		180,594.00
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>598,772.00</u>	<u>205,338.00</u>
	<u>\$ 1,167,980.00</u>	<u>\$ 4,777,897.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2020	\$ (620,057.20)
2021	(1,388,087.20)
2022	(960,096.20)
2023	(433,363.20)
2024	<u>(208,313.20)</u>
	<u>\$ (3,609,917.00)</u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through all future years	3.25-15.25%	2.10-9.98%
	Based on years of Service	Based on Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Town's proportionate share of the PFRS pension liability	\$18,014,988.00	\$13,328,288.00	\$9,449,368.00

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

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

At June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$2,104,562.00 and \$1,939,065.00, respectively.

At June 30, 2019, the Town's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Town's Proportionate Share of Net Pension Liability	\$13,328,288.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Town	<u>2,104,562.00</u>
	<u>\$15,432,850.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 8: 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 9: LITIGATION

The Town Attorneys' litigation confirmation letters did not indicate any litigation, claims or contingent liabilities that are either not covered by the Town's insurance carrier or would have a material financial impact on the Town.

NOTE 10: CONTINGENT LIABILITIES

The Town participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2019, the Town does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2019 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Town has established a reserve for this purpose in the Current Fund, the balance of which is \$267,919.89 at December 31, 2019.

NOTE 12: 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 13: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at December 31, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 193.83	\$ 784,021.26
Grant Fund	365,513.47	
Trust Other Fund	418,507.79	
General Capital Fund		193.83
Sewer Utility Operating Fund	2,202.49	
Sewer Utility Capital Fund	<u>                    </u>	<u>2,202.49</u>
	<u>\$ 786,417.58</u>	<u>\$ 786,417.58</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 14: DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Town employees, permits them to defer a portion of their salaries until future years. The Town does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Town's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

NOTE 14: DEFERRED COMPENSATION PLAN (CONTINUED)

The Plan is administered by Lincoln Financial.

The accompanying financial statements do not include the Town's Deferred Compensation Plan activities. The Town's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>2019</u>	<u>2018</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Public Employees Retirement System (PERS):		
Initial fiscal Year Applied		
Rate through 2026	2.00% to 6.00%	
Rate thereafter	3.00% to 7.00%	
Police and Firemen's Retirement System (PFRS):		
Rate for all future years	3.25% to 15.25%	
All Pensions:		
Rate through 2026		1.65% to 8.98%
Rate thereafter		2.65% to 9.98%

Actuarial Assumptions and Other Inputs (Continued)

Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

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

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

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Special Funding Situation

The Town, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Town for the special funding situation is \$9,452,958.00 and \$10,715,464.00 respectively.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At June 30, 2019, the Town's and State of New Jersey's proportionate share of the OPEB liability were as follows:

Town's proportionate share of the Net OPEB Liability	\$0
State of New Jersey's proportionate share of Net OPEB Liability associated with the Town	<u>9,452,958</u>
	<u>\$9,452,958</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 16: SUBSEQUENT EVENTS

The Town of Phillipsburg has evaluated subsequent events occurring after the financial statement date through June 16, 2020 which is the date the financial statements were available to be issued. The Town has determined the following subsequent events need to be disclosed.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Town's operations in 2020 cannot be reasonably estimated at this time but could negatively affect revenues.

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TOWN OF PHILLIPSBURG  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2019

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF CASH -TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2018	A	\$ 11,507,508.75	\$
Increased by Receipts:			
Collector	A-5	\$ 21,983,852.55	\$
Taxes Receivable - Homestead Rebates	A-9	285,151.75	
State of New Jersey-Senior Citizens and Veterans Deductions	A-8	100,033.57	
Interfunds	A-15	418,034.65	
Due Current Fund - Grant Fund	A-32		553,361.72
Petty Cash	A-6	350.00	
Revenue Accounts Receivable	A-16	4,654,097.73	
Miscellaneous Revenue Not Anticipated	A-2	293,723.01	
Grants Receivable	A-28		1,103,792.77
Construction Code DCA - Due State of NJ	A-19	100,472.00	
Marriage/Civil Union Licenses Due State of NJ	A-30	1,750.00	
Reserve for Library	A-34	7,881.01	
Due From Claims / Payroll		166.16	
		<u>27,845,512.43</u>	<u>1,657,154.49</u>
		\$ 39,353,021.18	\$ 1,657,154.49
Decreased by Disbursements:			
2019 Appropriations	A-3	\$ 15,349,406.48	\$
Appropriation Reserves	A-17	636,413.95	
Interfunds	A-15	594,200.36	
Petty Cash	A-6	350.00	
Tax Overpayments	A-20	16,895.83	
Regional School District Taxes	A-24	12,277,896.00	
County Taxes	A-23	4,870,305.20	
Municipal Open Space Taxes	A-29	141,441.78	
Refund of:			
Uniform Construction Code Fees	A-2	196.00	
Parking Meters - Municipal	A-2	110.00	
Miscellaneous Revenue Not Anticipated	A-2	5,745.54	
Prior Year Revenue	A-1	4,836.57	
Construction Code DCA - Due State of NJ	A-19	100,851.00	
Marriage/Civil Union Licenses Due State of NJ	A-30	1,325.00	
Reserve for Revaluation	A-33	8,298.50	
Reserve for Dog License Fees Due State	A-25	25.60	
Reserve for Digital Tax Maps	A-35	105,845.22	
Reserve for Library	A-34	222,444.43	
Due Current Fund - Grant Fund	A-32		365,513.47
Grants-Appropriated	A-26		1,291,641.02
		<u>34,336,587.46</u>	<u>1,657,154.49</u>
Balance, December 31, 2019	A	\$ <u>5,016,433.72</u>	\$ <u>-0-</u>

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 191,666.38
Increased by Receipts:			
Taxes Receivable	A-9	\$ 27,599,410.72	
Interfunds	A-15	974,235.51	
Municipal Charges Receivable	A-12	70,761.50	
Revenue Accounts Receivable	A-16	269,497.33	
Miscellaneous Revenue Not Anticipated	A-2	13,000.32	
Tax Overpayments	A-20	13,477.85	
Prepaid Taxes	A-21	189,043.54	
Tax Title Liens	A-10	<u>223,326.57</u>	
			<u>29,352,753.34</u>
			\$ <u>29,544,419.72</u>
Decreased by Disbursements:			
Payments to Treasurer	A-4	\$ 21,983,852.55	
Interfunds	A-15	<u>880,785.20</u>	
			<u>22,864,637.75</u>
Balance, December 31, 2019	A		\$ <u><u>6,679,781.97</u></u>

"A-6"

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF PETTY CASH

<u>OFFICE</u>	<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Clerks Office	\$ <u>350.00</u>	\$ <u>350.00</u>
	<u>REF.</u>	
	A-4	A-4

"A-7"

SCHEDULE OF CHANGE FUNDS

Balance, December 31, 2018 and December 31, 2019	A	\$ <u>1,869.00</u>
<u>DETAIL</u>		
Tax Collector		\$ 1,299.00
Town Clerk		50.00
Construction Department		50.00
Municipal Pool		250.00
Police Department		50.00
Municipal Court		<u>170.00</u>
		\$ <u>1,869.00</u>

"A-8"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2018 (Due To)	A	\$	45,355.50
Increased by:			
Senior Citizens Deductions Disallowed by Collector	A-8	\$	4,777.41
Received From State	A-4		<u>100,033.57</u>
			104,810.98
		\$	<u>150,166.48</u>
Decreased by:			
Senior Citizens Deductions Per Tax Billing	A-8	\$	29,250.00
Veterans Deductions Per Tax Billing	A-8		77,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-8		<u>1,000.00</u>
			108,000.00
Balance, December 31, 2019 (Due To)	A	\$	<u><u>42,166.48</u></u>

ANALYSIS OF STATE SHARE OF 2019 SENIOR  
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-8	\$	29,250.00	
Veterans Deductions Per Tax Billing	A-8		77,750.00	
Senior Citizens and Veterans Deductions Allowed by Tax Collector-2019 Taxes	A-8		<u>1,000.00</u>	\$ 108,000.00
Less:				
Deductions Disallowed by Collector	A-8		<u>4,777.41</u>	
	A-9	\$	<u><u>103,222.59</u></u>	

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2018	2019 LEVY	ADDED TAXES	COLLECTIONS BY CASH		CANCELED	OVERPAYMENTS APPLIED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2019
				2018	2019				
2014	\$ 376.33	\$	\$	\$ 376.33	\$	\$	\$	\$	\$ 3,959.87
2015	5,349.92			1,390.05					4,022.96
2016	8,324.20			4,301.24					5,849.78
2017	11,603.19			5,753.41					4,104.41
2018	1,043,421.54		2,000.00	1,028,038.83				13,278.30	17,937.02
	\$ 1,069,075.18	\$	\$ 2,000.00	\$ 1,039,859.86	\$	\$ 34,799.53	\$ 51,853.12	\$ 29,462.10	\$ 975,770.44
	\$ 1,069,075.18	\$ 28,498,988.46	\$ 2,000.00	\$ 459,178.07	\$ 26,947,925.20	\$ 34,799.53	\$ 51,853.12	\$ 42,740.40	\$ 993,707.46
REF.	A	A-9		A-2:A-21	A-2:A-9		A-2:A-20	A-10	A

REF.	DESCRIPTION	AMOUNT
A-5	Collector	\$ 27,599,410.72
A-4	Treasurer - Homestead Rebates	285,151.75
A-8	Senior Citizens and Veterans Deductions	103,222.59
A-9		\$ 27,987,785.06

ANALYSIS OF 2019 PROPERTY TAX LEVY

TAX YIELD	AMOUNT
General Property Tax	\$ 28,467,227.36
Added Taxes (54.4-63.1 et seq.)	31,761.10
	\$ 28,498,988.46

TAX LEVY

Regional School District Tax (Abstract)	\$ 141,287.61
Municipal Open Space Tax (Abstract)	154.17
Municipal Open Space Added and Omitted Tax	141,441.78
County Tax (Abstract)	
County Open Space (Abstract)	\$ 4,681,282.69
Due County for Added Taxes (54.4-63.1 et seq.)	186,450.63
<u>Total County Taxes</u>	\$ 4,867,733.32
	5,527.75
	4,873,261.07

Local Tax for Municipal Purposes (Abstract)

Municipal Library	\$ 10,791,975.48
Additional Tax Levied	243,884.16
Local Tax for Municipal Purposes Levied	33,118.97
	11,068,978.61
	\$ 28,498,988.46

"A-10"

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 352,089.65
Increased by:			
Taxes Accrued	A-9	\$ 42,740.40	
Interest & Costs on Tax Sale		<u>3,887.16</u>	
			<u>46,627.56</u>
			\$ <u>398,717.21</u>
Decreased by:			
Receipts	A-5		<u>223,326.57</u>
Balance, December 31, 2019	A		\$ <u><u>175,390.64</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance, December 31, 2018 and December 31, 2019	A	\$ <u><u>1,849,700.00</u></u>
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"A-12"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2018	A	\$	14,732.50
Increased by:			
Billed			<u>73,611.00</u>
		\$	88,343.50
Decreased by:			
Receipts	A-2:A-5	\$	70,761.50
Transferred to Liens	A-13		<u>1,457.00</u>
			<u>72,218.50</u>
Balance, December 31, 2019	A	\$	<u>16,125.00</u>

"A-13"

SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

Balance, December 31, 2018	A	\$	20,211.92
Increased by:			
2019 Charges Transferred from Receivables	A-12		<u>1,457.00</u>
		\$	21,668.92
Balance, December 31, 2019	A	\$	<u>21,668.92</u>

"A-14"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 504,170.64
Increased by:			
2019 Budget Appropriations	A-3	\$ 340,019.41	
Reserve for Digital Tax Maps	A-35	80,444.78	
Reserve for Library Expenditures	A-34	<u>10,979.85</u>	
			431,444.04
			\$ <u>935,614.68</u>
Decreased by:			
Disbursements	A-4	\$	
Transferred to Reserve for Revaluation	A-33	4,562.00	
Transferred to Reserve for Digital Tax Maps	A-35	186,290.00	
Transferred to Reserve for Library	A-34	29,381.45	
Transferred to Appropriation Reserves	A-17	276,219.19	
Canceled	A-1	<u>7,718.00</u>	
			<u>504,170.64</u>
Balance, December 31, 2019	A		\$ <u><u>431,444.04</u></u>

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF INTERFUNDS

REF.	TOTAL	GRANT FUND	ANIMAL CONTROL TRUST FUND	OTHER TRUST FUND	GENERAL CAPITAL FUND	SEWER UTILITY OPERATING FUND
Balance, December 31, 2018						
Due To	\$ 885,689.76	\$ 549,611.72	\$ 6.20	\$ 336,078.04	\$ 1,290.73	\$
Due From	1,296.93					
	\$ 418,034.65	\$ 389,107.42	\$ 14,222.60	\$ 676.91	\$ 1,096.90	\$ 12,930.82
Receipts - Treasurer	974,235.51			955,348.30		18,887.21
Receipts - Collector						
Matching Funds	3,750.00	3,750.00				
Tax Sale Premium Canceled	21,600.00			21,600.00		
	880,785.20			848,967.17		31,818.03
Disbursements - Collector	594,200.36	576,955.67	14,216.40	3,028.29		
Disbursements - Treasurer						
Balance, December 31, 2019	\$ 784,021.26	\$ 365,513.47	\$	\$ 418,507.79	\$ 193.83	\$
Due To	193.83					
Due From						

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>ACCOUNTS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>ACCRUED IN 2019</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2019</u>
Licenses:					
Alcoholic Beverages	A-2	\$	31,390.00	31,390.00	\$
Other	A-2		3,987.00	3,987.00	
Fees and Permits	A-2		407,696.83	407,696.83	
Municipal Court:					
Fines and Costs	A-2	11,395.33	169,451.13	169,482.46	11,364.00
Interest and Costs on Taxes	A-2		269,497.33	269,497.33	
Interest on Investments and Deposits	A-2		114,119.76	114,119.76	
Consolidated Municipal Property Tax Relief Aid	A-2		261,664.00	261,664.00	
Energy Receipts Tax	A-2		1,743,737.00	1,743,737.00	
Uniform Construction Code Fees	A-2		745,790.60	745,790.60	
Payment in Lieu of Taxes - Federal Housing Project	A-2		155,197.42	155,197.42	
Payment in Lieu of Taxes - Sewage Treatment Plant	A-2		83,500.00	83,500.00	
Borough of Alpha - Police Services	A-2		425,000.00	425,000.00	
Borough of Alpha - Municipal Court	A-2		22,500.00	22,500.00	
Municipal Swimming Pool Receipts	A-2		35,095.52	35,095.52	
Utility Operating Surplus of Prior Year	A-2		175,000.00	175,000.00	
Payment in Lieu of Taxes - Phillipmain LLC	A-2		6,584.70	6,584.70	
Cable Franchise Fees	A-2		51,182.00	51,182.00	
Parking Meters - Municipal	A-2		15,377.44	15,377.44	
Insurance Check	A-2		21,793.00	21,793.00	
Capital Fund Balance	A-2		185,000.00	185,000.00	
		\$ 11,395.33	\$ 4,923,563.73	\$ 4,923,595.06	\$ 11,364.00

REF.

A

Collected by Treasurer

Collected by Tax Collector

A-4

A-5

A

\$ 4,654,097.73

269,497.33

\$ 4,923,595.06

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES</u>				
Business Administrator	\$ 10,262.38	\$ 10,262.38	\$ 7,789.56	\$ 2,472.82
Mayor & Council	1.68	1.68		1.68
Municipal Clerk	7,717.22	7,717.22	4,603.82	3,113.40
Financial Administration	4,831.29	4,831.29	2,865.28	1,966.01
Revenue Administration	4,195.41	4,195.41	2,065.89	2,129.52
Tax Assessment	3,074.43	3,074.43	1,425.68	1,648.75
Code Enforcement	7,846.02	7,846.02	892.29	6,953.73
Police	214,266.45	214,266.45	100,104.70	114,161.75
Emergency Management	3.15	3.15		3.15
Fire Department	24.75	24.75		24.75
Streets and Roads	39,278.77	39,278.77	7,006.83	32,271.94
Municipal Prosecutor	14.46	14.46		14.46
Public Works Administration	2,382.41	2,382.41	1,008.75	1,373.66
Solid Waste Collection	27,576.90	27,576.90	2,125.41	25,451.49
Buildings & Grounds	6,437.32	6,437.32	6,079.08	358.24
Vehicle Maintenance	1,486.53	1,486.53	534.28	952.25
Animal Control Services	5,469.51	5,469.51	1,009.61	4,459.90
Recreation Service & Program	39,261.01	39,261.01		39,261.01
Municipal Pool	205.77	205.77		205.77
Municipal Court	21,400.15	21,400.15	402.77	20,997.38
Public Defender	40.34	40.34		40.34
<u>OTHER EXPENSES</u>				
Business Administrator	39,752.48	43,632.53	3,999.92	39,632.61
Human Resources	8,475.13	8,475.13	1,226.88	7,248.25
Mayor & Council	7,740.50	8,199.38	458.88	7,740.50
Municipal Clerk	11,981.77	12,936.35	1,103.08	11,833.27
Financial Administration	2,191.58	2,810.06	1,825.28	984.78
Financial Administration - Annual Audit	390.00	390.00		390.00
Revenue Administration	5,081.95	5,081.95	40.32	5,041.63
Tax Assessment	5,782.43	7,440.43	1,658.00	5,782.43
Legal Services	129,345.99	129,345.99	8,686.68	120,659.31
Engineering Service	22,871.00	43,371.00	8,200.00	35,171.00
Land Use Administration	3,500.00	3,500.00		3,500.00
Liability Insurance		711.00	711.00	
Workers Compensation	3,991.68	3,991.68		3,991.68
Employee Group Insurance	29,448.22	30,992.23	2,836.45	28,155.78
Health Benefit Waivers	43,000.00	43,000.00	41,291.76	1,708.24
Celebration of Public Events	5,000.00	5,000.00		5,000.00
Unemployment Compensation Insurance	2,202.41	2,202.41	1,761.77	440.64
Code Enforcement	55,722.83	55,722.83		55,722.83
Police Department	12,562.27	41,329.45	40,135.98	1,193.47
Emergency Management	1,042.40	1,042.40		1,042.40
Fire Department	10,674.69	21,300.48	19,960.17	1,340.31
Supplemental Fire Program		7,000.00	6,510.00	490.00
Streets and Roads	32,602.45	81,256.79	62,781.29	18,475.50
Public Works Administration	716.49	2,388.34	1,671.85	716.49
PEOSHA	1,816.83	2,488.14	2,441.47	46.67
Solid Waste Collection	2,476.23	3,500.92	1,026.18	2,474.74
Buildings & Grounds	12,931.88	29,630.98	23,613.43	6,017.55
Vehicle Maintenance	20,005.93	64,530.96	62,200.81	2,330.15
Animal Control Services	8,455.46	9,377.46	1,464.76	7,912.70
Contribution to Social Services	22,850.17	34,345.00	10,623.83	23,721.17
Recreation Service & Program	8,689.34	10,396.34	732.00	9,664.34
Municipal Pool	10,144.89	14,286.47	4,141.58	10,144.89
Electricity	17,839.48	17,839.48	11,769.18	6,070.30
Street Lighting	13,704.18	13,704.18	11,413.27	2,290.91

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2018	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED)</u>				
Water	\$ 39,899.44	\$ 39,899.44	\$ 33,483.52	\$ 6,415.92
Natural Gas	6,427.53	6,634.86	6,363.18	271.68
Gasoline	8,290.09	23,290.09	22,518.11	771.98
Telephone	6,279.70	11,463.96	10,063.59	1,400.37
Landfill/Solid Waste Disposal	26,639.30	72,127.45	56,278.99	15,848.46
Municipal Court	6,652.92	7,220.77	2,273.93	4,946.84
Liability	1,852.40	1,852.40		1,852.40
Social Security	6,083.39	6,083.39	3,841.57	2,241.82
Defined Contribution Retirement Plan (DCRP)	3,706.56	3,706.56		3,706.56
Maintenance of Free Public Library	80,094.30	81,636.20	24,807.29	56,828.91
Recycling Tax	10,454.00	10,454.00	4,584.00	5,870.00
	<u>\$ 1,145,146.24</u>	<u>\$ 1,421,365.43</u>	<u>\$ 636,413.95</u>	<u>\$ 784,951.48</u>
	REF. A		A-4	A-1
Balance, December 31, 2018	A-17	\$ 1,145,146.24		
Reserve for Accounts Payable	A-14	<u>276,219.19</u>		
		<u>\$ 1,421,365.43</u>		

"A-18"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 225,402.13
Increased by:		
Taxes Pending Appeal	A-2	<u>100,000.00</u>
		\$ <u>325,402.13</u>
Decreased by:		
Applied to Overpayments	A-20	<u>57,482.24</u>
Balance, December 31, 2019	A	\$ <u><u>267,919.89</u></u>

"A-19"

SCHEDULE OF RESERVE FOR CONSTRUCTION CODE DCA - DUE STATE OF N.J.

Balance, December 31, 2018	A	\$ 2,670.00
Increased by:		
Receipts	A-4	<u>100,472.00</u>
		\$ <u>103,142.00</u>
Decreased by:		
Disbursements	A-4	<u>100,851.00</u>
Balance, December 31, 2019	A	\$ <u><u>2,291.00</u></u>

"A-20"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2018	A		\$ 1,283.86
Increased by:			
Overpayments in 2019	A-5	\$ 13,477.85	
Overpayments from Appeals	A-18	<u>57,482.24</u>	
			<u>70,960.09</u>
			\$ <u>72,243.95</u>
Decreased by:			
Refunded	A-4	\$ 16,895.83	
Applied to Taxes	A-9	<u>51,853.12</u>	
			<u>68,748.95</u>
Balance, December 31, 2019	A		\$ <u><u>3,495.00</u></u>

"A-21"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2018	A		\$ 459,178.07
Increased by:			
Collection of 2020 Taxes	A-5		<u>189,043.54</u>
			\$ <u>648,221.61</u>
Decreased by:			
Applied to 2019 Taxes	A-9		<u>459,178.07</u>
Balance, December 31, 2019	A		\$ <u><u>189,043.54</u></u>

"A-22"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 2,196,396.19
Decreased by:		
Applied to Revenue	A-2	<u>215,000.00</u>
Balance, December 31, 2019	A	<u>\$ 1,981,396.19</u>

"A-23"

SCHEDULE OF COUNTY TAXES PAYABLE

Balance, December 31, 2018	A	\$ 2,571.88
Increased by:		
2019 Levy		\$ 4,867,733.32
Added Taxes		<u>5,527.75</u>
	A-1:A-9	<u>4,873,261.07</u>
		\$ <u>4,875,832.95</u>
Decreased by:		
Payments	A-4	<u>4,870,305.20</u>
Balance, December 31, 2019	A	<u>\$ 5,527.75</u>

"A-24"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 2,286,699.46
Increased by:		
School Levy	A-1:A-9	<u>12,415,307.00</u>
		\$ <u>14,702,006.46</u>
Decreased by:		
Payments	A-4	<u>12,277,896.00</u>
Balance, December 31, 2019	A	\$ <u><u>2,424,110.46</u></u>

"A-25"

SCHEDULE OF RESERVE FOR DOG LICENSE FEES DUE STATE

Balance, December 31, 2018	A	\$ 26.80
Decreased by:		
Disbursements	A-4	<u>25.60</u>
Balance, December 31, 2019	A	\$ <u><u>1.20</u></u>

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2018	2019 BUDGET APPROPRIATION	ACCOUNTS PAYABLE TRANSFERRED	EXPENDED	ACCOUNTS PAYABLE	BALANCE DECEMBER 31, 2019
Clean Communities Program	\$ 24,523.42	\$ 36,167.71	\$	\$ 54,383.37	\$	\$ 6,307.76
Drunk Driving Enforcement Fund	2,121.26			598.00		1,523.26
Municipal Alliance Program	9,984.48	12,240.00	3,042.61	16,656.17	255.00	8,355.92
Municipal Alliance Program Match	5,154.47	3,750.00	1,644.99	6,246.27		4,303.19
Municipal Alliance Program BOE	3,150.00			3,150.00		
Body Armor Replacement Fund		4,048.95		2,996.46	998.82	53.67
Bulletproof Vest Partnership	4,494.68			4,494.68		
NJ Youth Corps	364,452.00	432,000.00		519,330.00		277,122.00
NJ Youth Corps - RISE		43,600.00		8,807.77		34,792.23
Shared Service - School Resource Officer	88,900.57	234,322.54	850.92	212,234.07	557.70	111,282.26
Small Cities CDBG - ADA Improvement	269,700.00		4,289.40		4,289.40	269,700.00
Small Cities CDBG - ADA Improvement Match			7,213.80		7,213.80	
Recycling Tonnage Grant	3,811.48	19,545.00		2,070.50		21,285.98
NJ Transportation Trust Fund Authority Act:						
2013 Municipal Aid	1,050.00					1,050.00
Municipal Aid - Heckman Street - Phase I			98,798.19	98,798.19		
Urban Aid - Heckman Street - Phase I			22,380.46	22,380.46		
Urban Aid - Heckman Street - Phase II			261,270.00	261,270.00		
Urban Aid - Heckman Street - Phase III						
Urban Aid - Heckman Street - Phase IV						
Plan Conformance Grant - Supplemental	83,831.11	322,265.00		48,683.50	1,012.50	322,265.00
Green Acres Delaware Heights	99,440.33	214,881.00				214,881.00
Rivers, Trails and Conservation Assistance Program	278.66					34,135.11
Warren County DARE Officers Association	242.08					278.66
Aqua Road Improvement Donations	276,454.55					242.08
COPS Hiring Program:						
Federal	117.02			117.02		
BOE	4,600.01			4,600.01		
Local Match	4,600.04			4,600.04		
FEMA Generators	124,500.00					124,500.00
Station House Adjustment Program		14,476.00		11,949.85		2,526.15
Neighborhood Preservation Program		125,000.00				125,000.00
Statewide Insurance Fund - Safety Grant		8,274.66		8,274.66		
Community Policing Grant	10,000.00					10,000.00
Rolay Club - Heritage Trail Donation	1,000.00					1,000.00
Elizabethown Gas Road Improvement	63,672.79	348,174.00				411,846.79
	\$ 1,446,078.95	\$ 1,818,744.86	\$ 399,490.37	\$ 1,291,641.02	\$ 14,327.22	\$ 2,358,345.94
REE:	A	A-3	A-31	A-4	A-31	A
Grants Appropriated		\$ 1,814,994.86				
Matching Funds for Grants		3,750.00				
		\$ 1,818,744.86				

"A-27"

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

NOT APPLICABLE

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2018	BUDGET APPROPRIATION	RECEIPTS	BALANCE DECEMBER 31, 2019
Municipal Alliance Program	\$ 13,621.10	\$ 12,240.00	\$ 10,945.00	\$ 14,916.10
NJ Youth Corps	357,495.00	432,000.00	517,236.00	272,259.00
NJ Youth Corps - RISE		43,600.00	12,497.00	31,103.00
Municipal Aid:				
Heckman Street - Phase I	68,645.25			68,645.25
Urban Aid - Heckman Street - Phase II	65,317.50			65,317.50
Urban Aid - Heckman Street - Phase III		322,265.00		322,265.00
Urban Aid - Heckman Street - Phase IV		214,881.00		214,881.00
Bulletproof Vest Partnership Grant	10,571.91			10,571.91
Shared Service - School Resource Officer	75,000.00	200,000.00	55,514.91	19,485.09
Local- Shared Service - School Resource Officer		34,322.54	34,322.54	200,000.00
Local- Shared Service - School Resource Officer				
Plan Conformance Grant	15,620.39			15,620.39
Plan Conformance Grant - Supplemental	103,104.50			81,894.50
Green Acres Delaware Heights	170,416.51		21,210.00	170,416.51
Station House Adjustment Program				
Neighborhood Preservation Project		14,476.00	10,857.00	3,619.00
Recycling Tonnage		125,000.00	25,000.00	100,000.00
Body Armor Replacement		19,545.00	19,545.00	
Statewide Insurance Fund - Safety Grant		4,048.95	4,048.95	
Clean Communities Program		8,274.66	8,274.66	
Small Cities CDBG - ADA Improvement		36,167.71	36,167.71	
FEMA Generators	290,000.00			290,000.00
Community Policing Grant	124,500.00			124,500.00
Elizabethtown Gas Road Improvement	1,665.44			1,665.44
		348,174.00	348,174.00	
	\$ 1,295,957.60	\$ 1,814,994.86	\$ 1,103,792.77	\$ 2,007,159.69
REF.	A	A-2-A-26	A-4	A

"A-29"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

	<u>REF.</u>		
Increased by:			
Levy	A-9	\$ 141,287.61	
Added Taxes	A-9	<u>154.17</u>	
	A-1		\$ 141,441.78
Decreased by:			
Disbursed	A-4		\$ <u>141,441.78</u>

"A-30"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR MARRIAGE & CIVIL UNION LICENSES - DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2018	A	\$ 500.00
Increased by:		
Receipts	A-4	<u>1,750.00</u>
		\$ 2,250.00
Decreased by:		
Paid to State	A-4	<u>1,325.00</u>
Balance, December 31, 2019	A	\$ <u><u>925.00</u></u>

"A-31"

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2018	A	\$ 399,490.37
Increased by:		
Grants Appropriated	A-26	<u>14,327.22</u>
		\$ 413,817.59
Decreased by:		
Transferred to Grants Appropriated	A-26	<u>399,490.37</u>
Balance, December 31, 2019	A	\$ <u><u>14,327.22</u></u>

"A-32"

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2018 (Due From)	A		\$ 549,611.72
Increased by:			
Disbursements	A-4	\$ 365,513.47	
Grant Match	A-15:A-26	<u>3,750.00</u>	
			\$ <u>369,263.47</u>
			\$ 918,875.19
Decreased by:			
Receipts	A-4		<u>553,361.72</u>
Balance, December 31, 2019 (Due From)	A		\$ <u><u>365,513.47</u></u>

"A-33"

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

Balance, December 31, 2018	A		\$ 7,112.52
Increased by:			
Transferred from Accounts Payable	A-14		<u>4,562.00</u>
			\$ <u>11,674.52</u>
Decreased by:			
Disbursements	A-4		<u>8,298.50</u>
Balance, December 31, 2019	A		\$ <u><u>3,376.02</u></u>

"A-34"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018 (Due To)	A		\$ 406,912.44
Increased by:			
Receipts	A-4	\$ 7,881.01	
Transferred from Accounts Payable	A-14	<u>29,381.45</u>	
			<u>37,262.46</u>
			\$ 444,174.90
Decreased by:			
Disbursements	A-4	\$ 222,444.43	
Accounts Payable	A-14	<u>10,979.85</u>	
			<u>233,424.28</u>
Balance, December 31, 2019 (Due To)	A		\$ <u><u>210,750.62</u></u>

"A-35"

SCHEDULE OF RESERVE FOR DIGITAL TAX MAPS

Balance, December 31, 2018	A		\$ 13,710.00
Increased by:			
Transferred from Accounts Payable	A-14		<u>186,290.00</u>
			\$ 200,000.00
Decreased by:			
Disbursements	A-4	\$ 105,845.22	
Accounts Payable	A-14	<u>80,444.78</u>	
			<u>186,290.00</u>
Balance, December 31, 2019	A		\$ <u><u>13,710.00</u></u>

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES  
N.J.S.A. 40A:4-53 SPECIAL EMERGENCY

<u>DATE</u> <u>AUTHORIZED</u>	<u>PURPOSE</u>	<u>NET AMOUNT</u> <u>AUTHORIZED</u>	<u>1/5 OF</u> <u>NET AMOUNT</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>RAISED</u> <u>IN 2019</u> <u>BUDGET</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>
11/7/18	Preparation of Digital Tax Maps	\$ 200,000.00	\$ 40,000.00	\$ 200,000.00	\$ 40,000.00	\$ 160,000.00

A

A-3

A

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - EMERGENCY AUTHORIZATION N.J.S.A. 40A-4-47

	<u>REF.</u>	
Increased by:		
2019 Appropriations		
N.J.S.A. 40A:4-47 Emergency Authorization	A-1:A-3	\$ <u>36,000.00</u>
Balance, December 31, 2019	A	\$ <u><u>36,000.00</u></u>

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF CASH - TREASURER

REF.		ANIMAL CONTROL	OTHER
B	Balance, December 31, 2018	\$ 11,703.75	\$ 1,538,595.67
	Increased by Receipts:		
B-9	Reserve for Animal Control Expenditures		9,077,636.69
B-8	Reserve for Various Trust Deposits	\$ 10,759.46	5,195.79
B-4	Revolving Loan Principal Payments		5,411.96
B-5	Reserve for Revolving Loan - Interest		2,071,458.41
B-6	Reserve for Housing Assistance Program		5,423.60
B-11	Due from Police Outside Overtime Vendors		141,374.48
B-12	Reserve for Municipal Open Space Deposits		868,823.08
B-2:B-3	Due Current Fund	<u>1,771.00</u>	
		\$ 12,530.46	<u>12,175,324.01</u>
		\$ 24,234.21	\$ 13,713,919.68
	Decreased by Disbursements:		
B-2:B-3	Due Current Fund		972,852.83
B-9	Expenditures Under R.S.4:19-15.11	\$ 1,777.20	
B-11	Due from Police Outside Overtime Vendors	13,628.15	
B-8	Reserve for Various Trust Deposits		32,789.24
B-6	Reserve for Housing Assistance Program		8,742,346.16
B-4	Revolving Loans Issued		2,008,798.05
B-5	Reserve for Revolving Loan		34,748.11
		<u>15,405.35</u>	<u>2,970.00</u>
B	Balance, December 31, 2019	\$ 8,828.86	\$ 11,794,504.39
		\$ 8,828.86	\$ 1,919,415.29

"B-2"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2018 (Due To)	B	\$	6.20
Increased by:			
Receipts	B-1		<u>1,771.00</u>
		\$	<u>1,777.20</u>
Decreased by:			
Disbursements	B-1	\$	<u><u>1,777.20</u></u>

"B-3"

SCHEDULE OF DUE CURRENT FUND - OTHER TRUST FUND

Balance, December 31, 2018 (Due From)	B	\$	336,078.04
Increased by:			
Disbursements	B-1		<u>972,852.83</u>
		\$	<u>1,308,930.87</u>
Decreased by:			
Receipts	B-1		868,823.08
Canceled Premium	B-8		<u>21,600.00</u>
			<u>890,423.08</u>
Balance, December 31, 2019 (Due From)	B	\$	<u><u>418,507.79</u></u>

"B-4"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF ACCOUNTS RECEIVABLE - REVOLVING LOANS

	<u>REF.</u>	
Balance, December 31, 2018	B	\$ 407,681.33
Increased by:		
Disbursements	B-1	34,748.11
		<u>\$ 442,429.44</u>
Decreased by:		
Receipts	B-1	<u>5,195.79</u>
Balance, December 31, 2019	B	<u>\$ 437,233.65</u>

"B-5"

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT REVOLVING LOANS

Balance, December 31, 2018	B	\$ 733,917.32
Increased by:		
Receipts	B-1	5,411.96
		<u>\$ 739,329.28</u>
Decreased by:		
Disbursements	B-1	<u>2,970.00</u>
Balance, December 31, 2019	B	<u>\$ 736,359.28</u>

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR FEDERAL HOUSING ASSISTANCE PROGRAM

	<u>REF.</u>		
Balance, December 31, 2018	B		\$ 173,286.22
Increased by:			
Receipts	B-1	\$ 2,071,458.41	
Transferred Accounts Payable	B-7	<u>4,043.08</u>	
			<u>2,075,501.49</u>
			\$ 2,248,787.71
Decreased by:			
Disbursements	B-1	\$ 2,008,798.05	
Accounts Payable	B-7	<u>1,577.05</u>	
			<u>2,010,375.10</u>
Balance, December 31, 2019	B		\$ <u><u>238,412.61</u></u>

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	B		\$ 9,856.11
Increased by:			
Accounts Payable - Section 8 Housing	B-6	\$ 1,577.05	
Accounts Payable - Planning Board	B-8	<u>47,718.00</u>	
			<u>49,295.05</u>
			\$ <u>59,151.16</u>
Decreased by:			
Transferred Accounts Payable - Section 8 Housing	B-6	4,043.08	
Transferred Accounts Payable - Donations	B-8	1,996.03	
Transferred Accounts Payable - Planning Board	B-8	<u>3,817.00</u>	
			<u>9,856.11</u>
Balance, December 31, 2019	B		\$ <u><u>49,295.05</u></u>

TOWN OF PHILLIPSBURG  
TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

ACCOUNT	BALANCE DECEMBER 31, 2018	INCREASED BY	DECREASED BY	BALANCE DECEMBER 31, 2019
Planning Board Escrow	\$ 353,984.77	\$ 489,569.28	\$ 484,846.24	\$ 358,707.81
Bernards Township RCA Program	153,561.42	1,156.02		154,717.44
Accumulated Sick and Vacation	128,837.00			128,837.00
Police Outside Overtime	8,490.69	477,030.70	475,566.89	9,954.50
Parking Offense Adjudication Act	1,555.81	428.00		1,983.81
Small Cities Block Grant	21,093.75			21,093.75
Neighborhood Preservation Grant	11,443.24			11,443.24
Donations for Celebration of Public Events	17,137.52	1,996.03	725.57	18,407.98
Storm Recovery	25,000.00			25,000.00
Dog Park User Fees	1,774.50	190.00	139.51	1,824.99
Non-residential development fees	38,653.00	156,540.00		195,193.00
Dontions	810.01	217.30	348.00	679.31
Green Acres		40,000.00		40,000.00
Uniform Fire Safety Act	5,500.00	250.00		5,750.00
Public Defender Fees	5,024.03	1,392.02	421.28	5,994.77
Flexible Spending Benefits	2,794.86	18,582.51	19,640.37	1,737.00
Payroll Agency	121,918.37	6,940,749.56	6,959,409.13	103,258.80
Premium on Tax Sale	333,200.00	318,300.00	233,700.00	417,800.00
Outside Lien Redemptions	1,042.00	637,048.30	636,867.17	1,223.13
	\$ 1,231,820.97	\$ 9,083,449.72	\$ 8,811,664.16	\$ 1,503,606.53
	B			B
Receipts				
Prior Year Accounts Payable	\$	9,077,636.69		
		5,813.03		
	\$	9,083,449.72		
Disbursements				
Accounts Payable	\$		8,742,346.16	
Canceled Tax Sale Premium			47,718.00	
			21,600.00	
	\$		8,811,664.16	

A detailed analysis of the various deposits is on file in the office of the Town Treasurer.

"B-9"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2018	B	\$	10,945.30
Increased by:			
Dog License Fees Collected	B-1		<u>10,759.46</u>
		\$	21,704.76
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-1	\$	13,628.15
Accounts Payable	B-13		<u>5,000.00</u>
			<u>18,628.15</u>
Balance, December 31, 2019	B	\$	<u><u>3,076.61</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$ 11,671.64
2017	<u>12,509.20</u>
	\$ <u><u>24,180.84</u></u>

"B-10"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR DOG PARK - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2018 and December 31, 2019	B	\$ <u>752.25</u>

"B-11"

SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER TRUST FUND

Balance, December 31, 2018	B	\$ 8,607.28
Increased by:		
Due from Police Outside Overtime Vendors	B-1	<u>32,789.24</u>
		\$ <u>41,396.52</u>
Decreased by:		
Receipts	B-1	<u>5,423.60</u>
Balance, December 31, 2019	B	\$ <u>35,972.92</u>

ANALYSIS OF BALANCE

Due from Police Outside Overtime - Outside Vendors	\$ <u>35,972.92</u>
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TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TRUST DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2018	B	\$ 142,081.70
Increased by:		
Receipts	B-1	<u>141,374.48</u>
Balance, December 31, 2019	B	\$ <u><u>283,456.18</u></u>

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF ACCOUNTS PAYABLE - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Increased by:		
Reserve for Animal Control Expenditures	B-9	\$ <u>5,000.00</u>
Balance, December 31, 2019	B	\$ <u><u>5,000.00</u></u>

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2018	C		\$ 1,961,634.40
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-7	\$ 221,000.00	
Due Current Fund	C-13	<u>8,078.86</u>	
			<u>229,078.86</u>
			\$ 2,190,713.26
Decreased by Disbursements:			
Contracts Payable	C-12	\$ 1,741,487.44	
Fund Balance-Utilized as Current Fund Revenue	C-1	185,000.00	
Due Current Fund	C-13	<u>9,175.76</u>	
			<u>1,935,663.20</u>
Balance, December 31, 2019	C		\$ <u><u>255,050.06</u></u>

"C-3"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u>
Capital Improvement Fund	\$ 23,319.84
Fund Balance	12,565.22
Reserve for Capital Projects	36,780.16
Contracts Payable	683,227.94
Due Current Fund	193.83
Funded Improvement Authorizations	858,932.31
Unfunded Improvements Expended (Listed on C-6)	<u>(1,359,969.24)</u>
	<u>\$ 255,050.06</u>
<u>REF.</u>	C

"C-4"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

REF.

Balance, December 31, 2018 and December 31, 2019	C		\$ <u>36,780.16</u>
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"C-5"

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2018	C		\$ 5,703,076.47
Decreased by:			
Green Acres Loans Paid by Budget	C-11	\$ 13,591.89	
Bonds Paid by Budget	C-8	<u>505,000.00</u>	
			<u>518,591.89</u>
Balance, December 31, 2019	C		\$ <u>5,184,484.58</u>

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE	2019	BALANCE	ANALYSIS OF BALANCE,	
		DECEMBER 31, 2018	AUTHORIZATION	DECEMBER 31, 2019	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
15-17	Installation of New Town Phone System	\$ 10,100.00	\$	10,100.00	\$ 6,800.00	\$ 3,300.00
17-03/19-07	Preliminary Costs for New Municipal Building	285,000.00	5,905,000.00	6,190,000.00		6,190,000.00
17-06	Various Capital Improvements	830.00		830.00		830.00
18-15	Various Capital Improvements	1,670,195.00	1,074,860.00	1,670,195.00	1,117,448.58	552,746.42
19-17	Various Capital Improvements		1,074,860.00	1,074,860.00	5,911.76	1,068,948.24
19-19	Improvements to Armory		1,333,000.00	1,333,000.00	229,808.90	1,103,191.10
		\$ 1,966,125.00	\$ 8,312,860.00	\$ 10,278,985.00	\$ 1,359,969.24	\$ 8,919,015.76
	REF.	C	C-9	C	C-3	C-9

"C-7"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 220,891.84
Increased by:		
2019 Budget Appropriation	C-2	<u>221,000.00</u>
		\$ <u>441,891.84</u>
Decreased by:		
Appropriated to Finance Improvements	C-9	<u>418,572.00</u>
Balance, December 31, 2019	C	\$ <u><u>23,319.84</u></u>

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2019</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvements	8/15/17	\$ 6,102,000.00	08/15/2020	\$ 515,000.00	4.000%	\$	\$	
			08/15/2021	525,000.00	4.000%			
			08/15/2022	540,000.00	4.000%			
			08/15/2023	550,000.00	2.000%			
			08/15/2024	565,000.00	2.000%			
			08/15/2025	580,000.00	2.000%			
			08/15/2026	595,000.00	2.000%			
			08/15/2027	605,000.00	2.125%			
			08/15/2028	622,000.00	2.250%			
						5,602,000.00	505,000.00	5,097,000.00
						\$ 5,602,000.00	\$ 505,000.00	\$ 5,097,000.00

REF.

C

C-5

C

C

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	BALANCE - DECEMBER 31, 2018		2019 AUTHORIZATIONS		EXPENDED	CONTRACTS PAYABLE CANCELED	BALANCE - DECEMBER 31, 2019		REF.
	FUNDED	UNFUNDED					FUNDED	UNFUNDED	
05-18 - Various Capital Improvements	\$ 357.26	\$	\$	\$			\$ 357.26	\$	
06-20 - Various Capital Improvements	19,905.48				4,331.09	10,251.75	25,826.14		
07-07 - Various Capital Improvements	9,300.00				2,472.49		6,827.51		
08-12 - Various Capital Improvements	118.81						118.81		
11-09 - Various Capital Improvements	263.76						263.76		
12-07 - Various Capital Improvements	31,604.63				3,911.00		27,693.63		
13-10 - Various Capital Improvements	46,163.80				42,136.89		4,026.91		
14-11 - Various Capital Improvements	130,340.16				155.64		130,184.52		
15-13 - Various Capital Improvements	76,326.26				223.15		76,103.11		
15-17 - Installation of New Town Phone System		3,300.00						3,300.00	
16-13 - Various Capital Improvements	77,596.46				198.60		82,309.29		
16-20 Engineering for Heritage Trails						4,911.43			
17-03 / 19-07 - Preliminary Costs for Municipal Building		220,729.67		6,200,000.00	173,264.01	150.00	150.00		
17-06 - Various Capital Improvements	451,624.20				9,887.64		57,465.66	6,190,000.00	
17-22 - Purchase of a Multi-Space Parking Kiosk	5,869.15						441,736.56	830.00	
18-15 - Various Capital Improvements		779,322.65			226,576.23		5,869.15		
19-17 - Various Capital Improvements				1,131,432.00	62,483.76			552,746.42	
19-19 - Improvements to Armory				1,400,000.00	296,808.90			1,068,948.24	
	\$ 849,469.97	\$ 1,004,182.32	\$ 8,731,432.00	\$	\$ 822,449.40	\$ 15,313.18	\$ 858,932.31	\$ 8,919,015.76	
	C	C			C-12	C-12	C	C	C-C-6
Deferred Charges To Future Taxation - Unfunded Capital Improvement Fund			\$ 8,312,860.00						
			418,572.00						
			\$ 8,731,432.00						

"C-10"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

NOT APPLICABLE

"C-11"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2018	C	\$ 101,076.47
Decreased by:		
Payment on Loans	C-5	<u>13,591.89</u>
Balance, December 31, 2019	C	\$ <u><u>87,484.58</u></u>

"C-12"

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

Balance, December 31, 2018	C	\$ 1,617,579.16
Increased by:		
Charges to Improvement Authorizations	C-9	<u>822,449.40</u>
		\$ <u>2,440,028.56</u>
Decreased by:		
Disbursements	C-2	\$ 1,741,487.44
Canceled - Improvement Authorizations	C-9	<u>15,313.18</u>
		<u>1,756,800.62</u>
Balance, December 31, 2019	C	\$ <u><u>683,227.94</u></u>

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2018 (Due To)	C	\$ 1,290.73
Increased by:		
Receipts	C-2	<u>8,078.86</u>
		\$ 9,369.59
Decreased by:		
Disbursements	C-2	<u>9,175.76</u>
Balance, December 31, 2019 (Due To)	C	<u><u>\$ 193.83</u></u>

"C-14"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER 31, 2019</u>
15-17	Installation of New Town Phone System	\$ 10,100.00
17-03/19-07	Preliminary Costs for New Municipal Building	6,190,000.00
17-06	Various Capital Improvements	830.00
18-15	Various Capital Improvements	1,670,195.00
19-17	Various Capital Improvements	1,074,860.00
19-19	Improvements to Armory	<u>1,333,000.00</u>
		\$ <u><u>10,278,985.00</u></u>

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2018	D	\$ <u>1,948,886.61</u>	\$ <u>3,787,268.43</u>
Increased by Receipts:			
Utility Collector	D-6	\$ 1,143,532.50	\$
Sewer Use Charges - Outlining Districts	D-3	2,349,969.70	
Miscellaneous Revenue Not Anticipated	D-3	345,562.56	
Interfunds	D-9:D-28	26,885.95	26,665.96
Miscellaneous Reserves	D-29	28,207.05	
Capital Improvement Fund	D-24		50,000.00
		\$ <u>3,894,157.76</u>	\$ <u>76,665.96</u>
		\$ <u>5,843,044.37</u>	\$ <u>3,863,934.39</u>
Decreased by Disbursements:			
2019 Budget Appropriations	D-4	\$ 3,701,142.73	\$
2018 Appropriation Reserves	D-15	115,799.13	
Interfunds	D-9:D-28	26,665.96	26,885.95
Accrued Interest on Loans	D-13	119,935.87	
Contracts Payable	D-20		379,432.62
Anticipated Revenue - Current Fund Budget	D-1	175,000.00	
		\$ <u>4,138,543.69</u>	\$ <u>406,318.57</u>
Balance, December 31, 2019	D:D-7	\$ <u><u>1,704,500.68</u></u>	\$ <u><u>3,457,615.82</u></u>

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF CASH - SEWER COLLECTOR

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 7,034.95
Increased by:			
Consumer Accounts Receivable	D-3:D-11	\$ 1,591,784.31	
Sewer Liens Receivable	D-3:D-10	15,250.66	
Sewer Overpayments	D-12	6,351.29	
Miscellaneous	D-3	<u>6,674.89</u>	
			<u>1,620,061.15</u>
			\$ <u>1,627,096.10</u>
Decreased by:			
Disbursed to Sewer Treasurer	D-5		<u>1,143,532.50</u>
Balance, December 31, 2019	D		\$ <u><u>483,563.60</u></u>

"D-7"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DECEMBER <u>31, 2019</u>
SEWER:	
Fund Balance	\$ 418,993.78
Contracts Payable	110,095.86
Interfunds Receivable/Payable	2,202.49
Improvement Authorizations - Funded:	
Ord. # 07-12 General Imp. To Wastewater Treatment Plant	909.48
Ord. # 09-13 Improvements to Town Sewage Treatment Plant	3,920.00
Ord. # 12-08 Capital Purchases	30,000.00
Ord. # 13-20 Improvements to Sewage Treatment Plant	364,248.70
Ord. # 14-20 Improvements to Town Sewage Treatment Plant	22,538.95
Ord. # 15-21 Improvements to Wastewater Treatment Plant	2,972.57
Ord. # 18-32 Various Improvements and Acquisitions	298,929.46
Ord. # 19-16 Various Improvements and Acquisitions	500,000.00
Receivable Applied	(328,528.00)
Capital Improvement Fund	1,824,180.53
Reserve for Sewer Improvements	<u>207,152.00</u>
	<u>\$ 3,457,615.82</u>

REF.

D:D-5

"D-8"

TOWN OF PHILLIPSBURG  
SEWER UTILITY FUND  
SCHEDULE OF CHANGE FUND

	<u>REF.</u>	
Balance, December 31, 2018 and December 31, 2019	D	\$ <u>500.00</u>

"D-9"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2018 Due From	D	\$ <u>2,422.48</u>	\$ <u>2,422.48</u>
Receipts	D-5	\$ 26,885.95	\$ 26,885.95
Disbursements	D-5	<u>26,665.96</u>	<u>26,665.96</u>
Balance, December 31, 2019 Due From	D	\$ <u><u>2,202.49</u></u>	\$ <u><u>2,202.49</u></u>

"D-10"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2018	D	\$ 10,618.31
Increased by:		
Transfer to Sewer Liens	D-11	<u>6,871.25</u>
		\$ <u>17,489.56</u>
Decreased by:		
Receipts	D-6	<u>15,250.66</u>
Balance, December 31, 2019	D	\$ <u><u>2,238.90</u></u>

"D-11"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 119,791.41
Increased by:			
Sewer Charges Levied (Net)			<u>1,631,159.29</u>
			\$ <u>1,750,950.70</u>
Decreased By:			
Collections	D-6	\$ 1,591,784.31	
Sewer Overpayments Applied	D-12	10,136.55	
Transfer to Sewer Liens	D-10	<u>6,871.25</u>	
			<u>1,608,792.11</u>
Balance, December 31, 2019	D		\$ <u><u>142,158.59</u></u>

"D-12"

SCHEDULE OF RESERVE FOR SEWER USE CHARGE OVERPAYMENTS

Balance, December 31, 2018	D		\$ 10,136.55
Increased by:			
Overpayments	D-6		<u>6,351.29</u>
			\$ <u>16,487.84</u>
Decreased By:			
Overpayments Applied	D-11		<u>10,136.55</u>
Balance, December 31, 2019	D		\$ <u><u>6,351.29</u></u>

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON LOANS

	<u>REF.</u>	
Balance, December 31, 2018	D	\$ 46,041.67
Increased by:		
Budget Appropriation Charges	D-4	<u>116,265.03</u>
		\$ <u>162,306.70</u>
Decreased by:		
Interest Paid	D-5	<u>119,935.87</u>
Balance, December 31, 2019	D	\$ <u><u>42,370.83</u></u>

"D-14"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 23,819.49
Increased by:			
2019 Appropriations	D-4	\$ 254,638.40	
Miscellaneous Reserves	D-29	<u>24,051.85</u>	
			<u>278,690.25</u>
			\$ <u>302,509.74</u>
Decreased by:			
2018 Appropriation Reserves	D-15		<u>23,819.49</u>
Balance, December 31, 2019	D		\$ <u><u>278,690.25</u></u>

"D-15"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2018</u>	<u>BALANCE AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:				
Salaries and Wages	\$ 39,637.54	\$ 39,637.54	\$ 5,644.22	\$ 33,993.32
Other Expenses	276,479.27	300,298.76	109,263.84	191,034.92
Statutory Expenditures:				
Contribution to Social Security System	5,604.14	5,604.14	431.78	5,172.36
Unemployment Compensation Insurance	1,803.14	1,803.14	459.29	1,343.85
	<u>\$ 323,524.09</u>	<u>\$ 347,343.58</u>	<u>\$ 115,799.13</u>	<u>\$ 231,544.45</u>
<u>REF.</u>	D		D-5	D-1
Balance, December 31, 2018	\$	323,524.09		
Transfer of Accounts Payable		<u>23,819.49</u>		
	\$	<u>347,343.58</u>		

"D-16"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>BALANCE DECEMBER 31, 2018</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2019</u>
07-12	Improvements to Wastewater Treatment Plant	07/17/07	\$ 394,550.00	\$	\$ 394,550.00
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	5,194,636.31		5,194,636.31
12-08	Capital Purchases	04/17/12	1,620,000.00		1,620,000.00
13-20	Improvements to Sewage Treatment Plant	10/15/13	7,907,500.00		7,907,500.00
14-20	Improvements to Town Sewage Treatment Plant	10/07/14	2,077,000.00		2,077,000.00
15-21	Improvements to Wastewater Treatment Plant	12/01/15	400,000.00		400,000.00
18-32	Various Improvements and Acquisitions	12/19/18	500,000.00		500,000.00
19-16	Various Improvements and Acquisitions	06/05/19		500,000.00	500,000.00
			<u>\$ 18,093,686.31</u>	<u>\$ 500,000.00</u>	<u>\$ 18,593,686.31</u>
		<u>REF.</u>	D	D-21	D

"D-17"

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2019</u>	<u>BALANCE DECEMBER 31, 2018</u>
Sewer Treatment Plant	\$ 27,268,429.64	\$ 27,268,429.64
Various Capital Improvements	201,881.57	201,881.57
General Equipment	714,728.67	714,728.67
	<u>\$ 28,185,039.88</u>	<u>\$ 28,185,039.88</u>
	<u>REF.</u>	D

"D-18"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	BALANCE DECEMBER 31, 2018	INCREASED	BALANCE DECEMBER 31, 2019
07-12	Improvements to Wastewater Treatment Plant	07/17/07	\$ 394,550.00		\$ 394,550.00
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	2,395,416.31		2,395,416.31
12-08	Capital Purchases	04/17/12	1,620,000.00		1,620,000.00
15-21	Improvements to Wastewater Treatment Plant	12/01/15	400,000.00		400,000.00
18-32	Various Improvements and Acquisitions	12/19/18	500,000.00		500,000.00
19-16	Various Improvements and Acquisitions	06/05/19		500,000.00	500,000.00
			<u>\$ 5,309,966.31</u>	<u>\$ 500,000.00</u>	<u>\$ 5,809,966.31</u>

REF.

D

D-24

D

"D-19"

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

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 31,407,004.06
Increased by:			
Trust EIT Loan Payable Paid by Operating Budget	D-22	\$ 209,000.00	
Fund EIT Loan Payable Paid by Operating Budget	D-23	<u>412,191.75</u>	
			<u>621,191.75</u>
Balance, December 31, 2019	D		\$ <u><u>32,028,195.81</u></u>

"D-20"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2018	D		\$ 174,713.69
Increased by:			
Charges to Improvement Authorizations	D-21	\$ 316,424.27	
Reserve for Sewer Improvements	D-25	<u>29,300.00</u>	
			<u>345,724.27</u>
			\$ <u>520,437.96</u>
Decreased by:			
Disbursements	D-5	\$ 379,432.62	
Contracts Payable Canceled	D-21	<u>30,909.48</u>	
			<u>410,342.10</u>
Balance, December 31, 2019	D		\$ <u><u>110,095.86</u></u>

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE	IMPROVEMENT DESCRIPTION	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2018		2019 AUTHORIZATIONS		CONTRACTS PAYABLE CANCELED	DECREASED	BALANCE DECEMBER 31, 2019	
			FUNDED	UNFUNDED	FUNDED	UNFUNDED			FUNDED	UNFUNDED
07-12	Improvements to Wastewater Treatment Plant	\$ 394,550.00	\$	\$	\$	\$	909.48		\$	909.48
09-13	Improvements to Town Sewage Treatment Plant	5,815,250.00	3,920.00				30,000.00			3,920.00
12-08	Capital Purchases	1,800,000.00								
13-20	Improvements to Sewage Treatment Plant	7,907,500.00	364,248.70	145,000.00						30,000.00
14-20	Improvements to Town Sewage Treatment Plant	2,077,000.00	22,538.95	614,074.00						364,248.70
15-21	Improvements to Wastewater Treatment Plant	400,000.00	118,326.30							22,538.95
18-32	Various Improvements and Acquisitions	500,000.00	500,000.00					115,353.73		2,972.57
19-16	Various Improvements and Acquisitions	500,000.00			500,000.00			201,070.54		298,929.46
			\$ 1,009,033.95	\$ 759,074.00	\$ 500,000.00	\$ 500,000.00	\$ 30,909.48	\$ 316,424.27	\$ 1,223,519.16	\$ 759,074.00

REF.

D D D D-16 D-20 D-20 D D

"D-22"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST

	<u>REF.</u>		
Balance, December 31, 2018	D		\$ 2,865,000.00
Decreased by:			
Loans Paid by Budget		\$ 161,000.00	
Savings Credit		<u>48,000.00</u>	
	D-19		<u>209,000.00</u>
Balance, December 31, 2019	D		\$ <u>2,656,000.00</u>

"D-23"

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND

Balance, December 31, 2018	D		\$ 5,937,681.82
Decreased by:			
Loans Paid by Budget	D-19	\$ 412,191.75	
Fund Loan Decrease	D-27	<u>328,528.00</u>	
			<u>740,719.75</u>
Balance, December 31, 2019	D		\$ <u>5,196,962.07</u>

"D-24"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2018	D	\$ 2,274,180.53
Increased by:		
2019 Budget Appropriation	D-5	<u>50,000.00</u>
		\$ <u>2,324,180.53</u>
Decreased by:		
Appropriated to Finance Improvements	D-18	<u>500,000.00</u>
Balance, December 31, 2019	D	\$ <u><u>1,824,180.53</u></u>

"D-25"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR SEWER IMPROVEMENTS

	<u>REF.</u>	
Balance, December 31, 2018	D	\$ 236,452.00
Decreased by:		
Contracts Payable	D-20	<u>29,300.00</u>
Balance, December 31, 2019	D	<u>\$ 207,152.00</u>

"D-26"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF NJEIT LOAN RECEIVABLE - TRUST

	<u>REF.</u>		
Balance, December 31, 2018	D	\$	117,015.00
Decreased by:			
Canceled - Fund Balance	D-2	\$	<u>117,015.00</u>

"D-27"

SCHEDULE OF NJEIT LOAN RECEIVABLE - FUND

Balance, December 31, 2018	D	\$	351,039.00
Decreased by:			
Canceled - Fund Balance	D-2	\$	22,511.00
Canceled - Fund Loan Decrease	D-23		<u>328,528.00</u>
		\$	<u>351,039.00</u>

"D-28"

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS

	<u>REF.</u>		<u>DUE SEWER UTILITY OPERATING FUND</u>
Balance, December 31, 2018			
Due To	D	\$	2,422.48
Increased by:			
Receipts	D-5		26,665.96
		\$	<u>29,088.44</u>
Decreased by:			
Disbursements	D-5		<u>26,885.95</u>
Balance, December 31, 2019			
Due To	D	\$	<u><u>2,202.49</u></u>

"D-29"

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF MISCELLANEOUS RESERVES

	<u>REF.</u>		
Increased by:			
Receipts	D-5	\$	28,207.05
Decreased by:			
Contracts Payable	D-14		<u>24,051.85</u>
Balance, December 31, 2019	D	\$	<u><u>4,155.20</u></u>

"D-30"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2019</u>
	Sewer Utility Capital Fund:	
13-20	Improvements to Town Sewage Treatment Plant	\$ 145,000.00
14-20	Improvements to Town Sewage Treatment Plant	<u>614,074.00</u>
		<u>\$ 759,074.00</u>

TOWN OF PHILLIPSBURG

PART II

SINGLE AUDIT SECTION

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO MAJOR FEDERAL FINANCIAL ASSISTANCE  
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



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CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members  
of the Town Council  
Town of Phillipsburg  
County of Warren  
Phillipsburg, New Jersey 08865

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Town of Phillipsburg, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's regulatory financial statements, and have issued our report thereon dated June 16, 2020. Our report disclosed that, as described in Note 1 to the financial statements, the Town of Phillipsburg prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the regulatory financial statements, we considered the Town's 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 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.

# SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted other matters in the internal control which are discussed in Part III, General Comments and Recommendations section of the audit report.

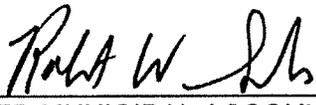
## ***Compliance and Other Matters***

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

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 16, 2020



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

The Honorable Mayor and Members  
of the Town Council  
Town of Phillipsburg  
County of Warren  
Phillipsburg, New Jersey 08865

### ***Report on Compliance for Each Major Federal Program***

We have audited the Town of Phillipsburg's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Phillipsburg's major federal programs for the year ended December 31, 2019. The Town's major federal programs are identified in the summary of auditor's 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Phillipsburg's major federal 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards, the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Town of Phillipsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

## SUPLEE, CLOONEY & COMPANY

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Phillipsburg's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Town of Phillipsburg 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 programs for the year ended December 31, 2019.

### ***Report on Internal Control Over Compliance***

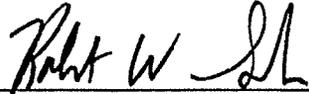
Management of the Town of Phillipsburg is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Phillipsburg's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Town of Phillipsburg'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 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 of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439



TOWN OF PHILLIPSBURG

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal financial assistance programs of the Town of Phillipsburg, County of Warren, New Jersey. All federal awards received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Town's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule of expenditures agree with the amounts reported in the related federal financial reports. In addition, the Town has not elected to use the *de minimus* cost rate as covered in 2CFR200.414 (F &A) costs.



TOWN OF PHILLIPSBURG  
WARREN COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |  |            |
|--|------------|
| (1) Type of Auditor Report Issued:   | Unmodified |
| (2) Internal Control over Financial Reporting:                                       |            |
| (a) Material weaknesses identified?  | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses?      | No         |
| (3) Noncompliance material to the financial statements to be noted during the audit? | No         |

**Federal Programs(s)**

- |   |            |
|---|------------|
| (1) Internal Control Over Major Federal Programs:   |            |
| (a) Material weaknesses identified?   | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses?   | No         |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)?   | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No         |
| (4) Identification of Major Federal Program(s):   |            |

<u>Program</u>	<u>C.F.D.A. #</u>
U.S. Department of Housing and Urban Development: Section 8 Housing Assistance Program	14.871

TOWN OF PHILLIPSBURG  
WARREN COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Section I - Summary of Auditor's Results (Continued)**

**Federal Program(s) (Continued)**

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$750,000.00

Type B Federal Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under the Uniform Guidance?      Yes

**State Program(s) – Not Applicable**

**Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported.

**Compliance Findings**

None Reported

**Section III - Findings and Questioned Costs Relative to Major Federal Programs**

**Federal Programs**

None

**State Programs**

None

TOWN OF PHILLIPSBURG  
WARREN COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Status of Prior Year Audit Findings

State Programs - Not Applicable

Federal Programs - Not Applicable

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PART III

TOWN OF PHILLIPSBURG

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND

	<u>YEAR 2019</u>		<u>YEAR 2018</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,600,000.00	4.17%	\$ 1,275,000.00	3.59%
Miscellaneous - From Other Than Local Property Tax Levies	8,140,561.95	21.22%	6,287,963.81	17.72%
Collection of Delinquent Taxes and Tax Title Liens	1,263,186.43	3.29%	1,013,409.20	2.86%
Collections of Current Tax Levy	<u>27,358,956.39</u>	<u>71.32%</u>	<u>26,905,439.83</u>	<u>75.83%</u>
<u>Total Revenue</u>	<u>\$ 38,362,704.77</u>	<u>100.00%</u>	<u>\$ 35,481,812.84</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 18,538,303.21	51.53%	\$ 16,864,281.78	49.35%
County Taxes	4,873,261.07	13.55%	5,020,402.71	14.69%
Regional School Taxes	12,415,307.00	34.51%	12,140,485.00	35.53%
Municipal Open Space Taxes	141,441.78	0.39%	142,081.70	0.42%
Other Expenditures	<u>4,836.57</u>	<u>0.01%</u>	<u>3,327.78</u>	<u>0.02%</u>
<u>Total Expenditures</u>	<u>\$ 35,973,149.63</u>	<u>100.00%</u>	<u>\$ 34,170,578.97</u>	<u>100.00%</u>
Excess in Revenue	\$ 2,389,555.14		\$ 1,311,233.87	
Adjustments to Income Before Fund Balance; Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>\$ 36,000.00</u>		<u>200,000.00</u>	
Statutory Excess to Fund Balance	\$ 2,425,555.14		\$ 1,511,233.87	
Fund Balance - January 1	<u>3,718,218.64</u>		<u>3,481,984.77</u>	
	\$ 6,143,773.78		\$ 4,993,218.64	
Less: Utilization as Anticipated Revenue	<u>1,600,000.00</u>		<u>1,275,000.00</u>	
Fund Balance, December 31	<u>\$ 4,543,773.78</u>		<u>\$ 3,718,218.64</u>	

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

	YEAR 2019		YEAR 2018	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 568,860.00	11.11%	\$ 523,873.00	11.52%
Collection of Sewer Use Charges	3,967,141.22	77.49%	3,670,531.76	80.72%
Miscellaneous	583,781.90	11.40%	352,824.88	7.76%
	<u>5,119,783.12</u>	<u>100.00%</u>	<u>4,547,229.64</u>	<u>100.00%</u>
<u>Total Revenue</u>	\$ <u>5,119,783.12</u>	<u>100.00%</u>	\$ <u>4,547,229.64</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,455,000.00	81.77%	\$ 3,483,600.00	83.95%
Capital Improvements	50,000.00	1.18%	50,000.00	1.20%
Deferred Charges and Statutory Expenditures	31,000.00	0.73%	31,000.00	0.75%
Debt Service	689,456.78	16.32%	584,883.08	14.10%
	<u>4,225,456.78</u>	<u>100.00%</u>	<u>4,149,483.08</u>	<u>100.00%</u>
<u>Total Expenditures</u>	\$ <u>4,225,456.78</u>	<u>100.00%</u>	\$ <u>4,149,483.08</u>	<u>100.00%</u>
Excess in Revenue	\$ 894,326.34		\$ 397,746.56	
Fund Balance, January 1	<u>1,555,322.24</u>		<u>1,856,448.68</u>	
	\$ <u>2,449,648.58</u>		\$ <u>2,254,195.24</u>	
Decreased by:				
Utilization as Anticipated Revenue	568,860.00		523,873.00	
Prior Year Fund Balance Anticipated as Current Fund Revenue	<u>175,000.00</u>		<u>175,000.00</u>	
Fund Balance, December 31	\$ <u><u>1,705,788.58</u></u>		\$ <u><u>1,555,322.24</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$4.015</u>	<u>\$3.961</u>	<u>\$3.963</u>
Appointment of Tax Rate:			
Municipal	1.522	1.543	1.557
Municipal Open Space	0.019	0.020	
County	0.722	0.708	0.743
Local School	<u>1.752</u>	<u>1.710</u>	<u>1.663</u>

Assessed Valuation:

Year 2019	\$ <u>709,021,852.00</u>		
Year 2018		\$ <u>710,072,009.00</u>	
Year 2017			\$ <u>711,670,868.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>CURRENTLY</u> <u>PERCENTAGE OF COLLECTION</u>
2019	\$28,498,988.46	\$27,458,956.39	96.35%
2018	28,282,373.32	27,005,439.83	95.49%
2017	28,233,124.21	27,045,335.25	95.79%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2019	\$175,390.64	\$993,707.46	\$1,169,098.10	4.10%
2018	352,089.65	1,069,075.18	1,421,164.83	5.02%
2017	207,099.10	1,083,993.85	1,291,092.95	4.57%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31<sup>st</sup> on the basis of the last assessed valuation of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2019	\$1,849,700.00
2018	1,849,700.00
2017	1,572,600.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER 31</u>	<u>UTILIZED IN BUDGET</u> <u>OF SUCCEEDING</u> <u>YEAR</u>
Current Fund	2019	\$ 4,543,773.78	\$ 1,485,000.00
	2018	3,718,218.64	1,600,000.00
	2017	3,481,984.77	1,275,000.00
	2016	2,862,326.36	1,150,000.00
	2015	1,896,969.51	900,000.00
Sewer Utility Operating Fund	2019	\$ 1,705,788.58	\$ 485,000.00
	2018	1,555,322.24	568,860.00
	2017	1,856,448.68	523,873.00
	2016	1,765,234.66	423,000.00
	2015	1,762,040.11	397,500.00

EQUALIZED VALUATIONS – REAL PROPERTY

<u>Year</u>	
2019	\$731,150,926.00
2018	729,094,214.00
2017	729,568,956.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Stephen R. Ellis	Mayor		
Robert Fulper	Council Member - President		
Joshua Davis	Council Member (to November)		
Lee Clark	Council Member (from November)		
Danielle DeGerolamo	Council Member		
Mark Lutz	Council Member		
Frank McVey	Council Member		
Victoria Kleiner	Municipal Clerk		
Robert Merlo	Chief Financial Officer	*	
Sandra Callery	Tax Collector	\$365,000.00	Selective Insurance Company
Craig Brotons	Tax Assessor	*	
Richard Wenner	Town Attorney		
Stanley J. Schrek	Engineer		
James Swick	Municipal Court Judge		
Lauri Kaulius	Court Administrator	*	
Robert Stettner	Police Chief	*	
Kevin Duddy	Construction Code Official	*	

\*All officials and employees (except as noted) handling and collecting Town funds are covered by a blanket position bond for faithful performance for \$1,000,000.00. The blanket position bond is written by the Selective Insurance Company of America.

All of the bonds were examined and were properly executed.

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COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 are \$17,500.00 for a contracting unit without a qualified purchasing agent and \$40,000.00 for a contracting unit with a qualified purchasing agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 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 for the following items:

Purchase of a Rescue Truck Upgrade Phase II  
New Radio Tower

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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 or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 25, 1994 adopted the following ordinance pursuant to the provisions of R.S. 54:4-67 fixing the rate of delinquent taxes and assessments at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date and if the delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable. Sanitary Sewer Charges are fixed at a delinquent rate of 18% per annum on all delinquent charges after the due date.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on June 12, 2019 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

The following is a comparison of the number of tax title liens receivable on December 31<sup>st</sup> of the last five years:

NUMBER OF LIENS

18  
50  
26  
22  
19

It is essential to good management that all means provided by statute be utilized to liquidate tax title 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, consisting of the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2020 Taxes	50
Payments of 2019 Taxes	50
Delinquent Taxes	25
Payment of Sewer Utility Charges	50
Delinquent Sewer Utility Charges	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Town's policy to review and liquidate all interfund balances on a periodic basis.

Community Development Block Grant Revolving Loan Program

During our review of the Community Development Block Grant Revolving Loan Program receivable analysis, it was noted that there are a number of borrowers who are delinquent in repaying their loan balances. It is recommended that every effort be made to pursue collection of the delinquent Community Development Block Grant Revolving Loan balances.

## RECOMMENDATIONS

To pursue the collection of all delinquent Community Development Block Grant Revolving Loan balances.





