

*TOWN OF PHILLIPSBURG*  
*COUNTY OF WARREN*  
*REPORT OF AUDIT*  
*2016*

*NISIVOCCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
REPORT OF AUDIT  
2016

TOWN OF PHILLIPSBURG  
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TOWN OF PHILLIPSBURG

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the financial statements – *regulatory basis* - of the various funds of the Town of Phillipsburg in the County of Warren (the "Town") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, as listed in the foregoing table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Honorable Mayor and Members  
of the Town Council  
Town of Phillipsburg  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statements are prepared by the Town on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Town as of December 31, 2016 and 2015, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Town as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

### ***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the Town implemented Governmental Accounting Standards Board ("GASB") Statement No. 77, *Tax Abatement Disclosures*, during the year ended December 31, 2016. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Town's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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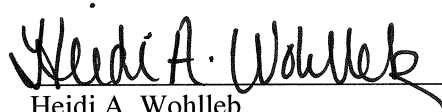
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 13, 2017

NISIVOCCIA LLP

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
CURRENT FUND

TOWN OF PHILLIPSBURG  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 10,387,981.79	\$ 6,145,237.10
Cash - Collector	A-5	652,328.76	524,333.11
Cash - Clerk	A-5a	13,718.90	5,054.26
Change Funds		1,090.00	1,050.00
		<u>11,055,119.45</u>	<u>6,675,674.47</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	971,147.26	971,176.03
Tax Title Liens Receivable	A-8	261,932.22	219,210.39
Property Acquired for Taxes at Assessed Valuation		1,572,600.00	1,776,000.00
Municipal Lien Charges Receivable	A-8a	14,609.81	9,433.05
Municipal Charges Receivable	A-8b	27,562.50	44,673.55
Revenue Accounts Receivable	A-9	11,955.75	16,055.52
Due from:			
Federal and State Grant Fund	A		420,239.34
Other Trust Funds	B		126.24
General Capital Fund	C	556.02	443.54
Sewer Utility Operating Fund	E	750.00	
Claims Account		372.00	160.54
Payroll Accounts		41.62	33.39
Total Receivables and Other Assets			
With Full Reserves	A	<u>2,861,527.18</u>	<u>3,457,551.59</u>
Total Regular Fund		<u>13,916,646.63</u>	<u>10,133,226.06</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	1,464,477.83	2,136,943.79
Due from Current Fund	A	448,204.96	
		<u>1,912,682.79</u>	<u>2,136,943.79</u>
<u>TOTAL ASSETS</u>		<u>\$ 15,829,329.42</u>	<u>\$ 12,270,169.85</u>

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

		December 31,	
	Ref.	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 1,269,201.02	\$ 1,019,024.45
Encumbered	A-3;A-11	290,826.68	227,915.06
Total Appropriation Reserves		1,560,027.70	1,246,939.51
Other Encumbrances Payable:			
Reserve for Library		4,716.82	6,803.99
Accounts Payable - Vendors		26,516.18	48,279.10
Prepaid Taxes		161,821.45	294,337.55
Tax Overpayments		46,228.23	24,910.48
County Taxes Payable		34,659.81	3,429.70
Local School Taxes Payable	A-12	1,916,530.50	1,773,312.50
Due to:			
Federal and State Grant Fund	A	448,204.96	
Animal Control Fund	B	154.40	8.00
Other Trust Funds	B	89,273.12	
State of New Jersey:			
Senior Citizen and Veteran Deductions		49,871.94	49,900.85
Marriage License Fees		625.00	575.00
Dog License Fees		30.60	
Phillipsburg Housing Authority			15,000.00
Phillipsburg Emergency Squad		47,898.00	
Reserve for:			
Library		379,050.49	323,126.36
Sale of Municipal Assets		2,442,896.19	207,173.90
Tax Sale Premiums		466,300.00	350,900.00
Redemption of Outside Liens		1,042.00	2,548.00
Revaluation		19,024.52	22,474.52
Tax Appeals		498,450.18	408,985.50
		8,193,322.09	4,778,704.96
Reserve for Receivables and Other Assets	A	2,861,527.18	3,457,551.59
Fund Balance	A-1	2,861,797.36	1,896,969.51
Total Regular Fund		13,916,646.63	10,133,226.06
Federal and State Grant Fund:			
Appropriated Reserves	A-13	1,760,956.43	1,100,806.17
Unappropriated Reserves	A-14		6,533.95
Reserve for Encumbrances		151,726.36	609,364.33
Due to Current Fund	A		420,239.34
Total Federal and State Grant Fund		1,912,682.79	2,136,943.79
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 15,829,329.42	\$ 12,270,169.85

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 900,000.00	\$ 1,000,000.00
Miscellaneous Revenue Anticipated		5,349,423.57	5,521,707.58
Receipts from:			
Delinquent Taxes		975,880.15	1,001,096.48
Current Taxes		26,894,514.04	26,489,774.74
Nonbudget Revenue		579,824.20	425,478.54
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		579,682.25	651,000.88
Cancellation of Federal and State Grant Fund			
Appropriated Reserves			18,160.30
Cancellation of Tax Overpayments		0.11	0.04
Cancellation of Prior Year Accounts Payable		48,159.10	10.01
Interfunds and Other Receivables Returned		421,003.05	211.43
Total Income		<u>35,748,486.47</u>	<u>35,107,440.00</u>
<u>Expenditures</u>			
Budget Appropriations		16,942,436.71	17,301,819.23
County Taxes		5,301,945.46	5,726,604.84
County Share of Added and Omitted Taxes		34,659.81	3,429.70
Local School District Taxes		11,400,147.00	10,853,711.00
Refund of Prior Year Revenue			2,203.25
Prior Year Senior Citizens' Deductions Disallowed		2,750.00	1,250.00
Cancellation of Federal and State Grant Fund Receivables			18,160.30
Interfunds and Other Receivables Advanced		1,719.64	421,003.05
Reserve for Tax Appeals		200,000.00	350,000.00
Total Expenditures		<u>33,883,658.62</u>	<u>34,678,181.37</u>
Excess in Revenue		1,864,827.85	429,258.63
<u>Fund Balance</u>			
Balance January 1		<u>1,896,969.51</u>	<u>2,467,710.88</u>
		3,761,797.36	2,896,969.51
Decreased by:			
Utilized as Anticipated Revenue		<u>900,000.00</u>	<u>1,000,000.00</u>
Balance December 31	A	<u>\$ 2,861,797.36</u>	<u>\$ 1,896,969.51</u>

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

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 900,000.00		\$ 900,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	26,900.00		32,930.00	\$ 6,030.00
Other	14,850.00		8,164.00	6,686.00 *
Fees and Permits	83,375.00		134,686.57	51,311.57
Fines and Costs:				
Municipal Court	229,450.00		202,596.92	26,853.08 *
Interest and Costs on Taxes	204,375.00		190,319.23	14,055.77 *
Interest on Investments and Deposits	25,150.00		39,973.38	14,823.38
Payment in Lieu of Taxes - Federal Housing Project	136,700.00		164,761.30	28,061.30
Payment in Lieu of Taxes - Sewage Treatment	83,500.00		83,500.00	
Pool Receipts and Passes	22,500.00		21,773.75	726.25 *
Rental of Town Facilities - Former Armory and				
Town Garage	60,000.00		60,000.00	
Consolidated Municipal Property Tax Relief Aid	421,277.00		421,277.00	
Energy Receipts Tax	1,584,124.00		1,584,124.00	
Uniform Construction Code Fees	270,000.00		226,481.00	43,519.00 *
Shared Service Agreement - Borough of Alpha:				
Police Services	415,000.00		415,000.00	
Municipal Court	21,216.00		21,216.00	
Recycling Tonnage Grant	29,120.61		29,120.61	
Municipal Alliance on Alcoholism and Drug Abuse:				
State - 2017		\$ 12,440.00	12,440.00	
Board of Education Match		2,000.00	2,000.00	
Private Donation Cash Match		373.00	373.00	
2014 COPS Hiring Program:				
Federal	41,667.00		41,667.00	
Phillipsburg School District	33,796.00		33,796.00	
N.J. Youth Corps - 2016 - ALWY17N		540,000.00	540,000.00	
Drunk Driving Enforcement Fund	2,918.77		2,918.77	
Clean Communities Program - 2016		39,543.39	39,543.39	
Body Armor Replacement Grant:				
2015	3,615.18		3,615.18	
2016		3,467.35	3,467.35	
Bulletproof Vest Partnership Grant		3,960.00	3,960.00	
National Park Services:				
Rivers, Trails and Conservation Assistance Program		3,500.00	3,500.00	
Aqua Road Improvement Donations		112,256.79	112,256.79	
NJ Department of Law and Public Safety:				
Click It or Ticket - 2016 Seatbelt Mobilization		5,000.00	5,000.00	
FY 2017 Pedestrian Safety, Enforcement and				
Education Fund		10,000.00	10,000.00	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Continued):				
Department of Environmental Protection:				
Division of Parks & Forestry:				
Green Communities Grant	\$ 3,000.00		\$ 3,000.00	
Supplemental Environmental Project:				
McWane Ductile		\$ 73,500.00	73,500.00	
Rotary Club - Heritage Trail Donation	1,000.00		1,000.00	
Elizabethtown Gas Road Improvement		171,881.33	171,881.33	
N.J. Transportation Trust Fund Authority Act:				
2016 Municipal Aid - Heckman Street Phase I		250,000.00	250,000.00	
2016 Urban Aid - Heckman Street Phase I		24,581.00	24,581.00	
Utility Operating Surplus of Prior Year	275,000.00		275,000.00	
Reserve for Sale of Municipal Assets	100,000.00		100,000.00	
Total Miscellaneous Revenue	<u>4,088,534.56</u>	<u>1,252,502.86</u>	<u>5,349,423.57</u>	<u>\$ 8,386.15</u>
Receipts from Delinquent Taxes	<u>930,000.00</u>		<u>975,880.15</u>	<u>45,880.15</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,776,009.44		11,160,254.21	384,244.77
Minimum Library Tax	254,936.63		254,936.63	
	<u>11,030,946.07</u>		<u>11,415,190.84</u>	<u>384,244.77</u>
Budget Totals	16,949,480.63	1,252,502.86	18,640,494.56	438,511.07
Nonbudget Revenue			<u>579,824.20</u>	<u>579,824.20</u>
	<u>\$ 16,949,480.63</u>	<u>\$ 1,252,502.86</u>	<u>\$ 19,220,318.76</u>	<u>\$ 1,018,335.27</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Allocation of Current Tax Collections

Collections		\$ 26,894,514.04
Allocated to:		
County Taxes	\$ 5,301,945.46	
Due to County for Added and Omitted Taxes	34,659.81	
School Taxes	<u>11,400,147.00</u>	
		<u>16,736,752.27</u>
		10,157,761.77
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,257,429.07</u>
Realized for Support of Municipal Budget		<u><u>\$ 11,415,190.84</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 954,972.00
Tax Title Liens Redeemed	<u>20,908.15</u>
	<u><u>\$ 975,880.15</u></u>

Interest on Investments and Deposits:

Cash Received - Treasurer	\$ 22,841.12
Cash Received - Collector	15,980.48
Cash Received - Clerk	50.89
Due from Other Trust Funds	131.25
Due from General Capital Fund	556.02
Due from Payroll Accounts	41.62
Due from Claims Account	<u>372.00</u>
	<u><u>\$ 39,973.38</u></u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Cable TV Franchise Fee	\$ 51,205.00	
Other Miscellaneous Receipts	16,076.67	
Recycling Revenue	416.00	
Tax Lien Discharge Fees	6,200.00	
Library Fees	570.00	
Administrative Fee - Senior Citizens and Veterans Deductions	2,710.85	
Returned Check Fees	200.00	
Restitution	2,441.22	
Workers' Compensation and Other Insurance Refunds	17,035.17	
Pavilion Rental Fees	1,125.00	
Public Works Billings Reimbursements	7,182.96	
Gasoline Billings Reimbursements	51,795.22	
Parking Authority Receipts	14,578.90	
FEMA Reimbursements - Severe Winter Storm	54,144.20	
Prior Year Shared Service Agreement - Borough of Alpha:		
Police Services	67,499.98	
Municipal Court	5,200.00	
	<hr/>	
		\$ 298,381.17

Clerk - Other Miscellaneous 4,643.00

Collector:

Municipal Charges Receivable Collections	129,227.49	
Tax Sale Costs	20,636.91	
Other Miscellaneous	16,300.00	
	<hr/>	
		166,164.40

Due from Other Trust Funds:

Police Outside Services - Administrative Fees		110,635.63
		<hr/>
		\$ 579,824.20
		<hr/>

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, 2016

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 49,000.00	\$ 49,000.00	\$ 47,125.00	\$ 1,875.00	
Other Expenses	126,000.00	126,000.00	107,519.82	18,480.18	
Human Resources:					
Other Expenses	15,000.00	15,000.00	2,955.35	12,044.65	
Mayor and Council:					
Salaries and Wages	89,200.00	89,200.00	82,124.28	7,075.72	
Other Expenses	10,975.00	12,975.00	12,046.97	928.03	
Municipal Clerk:					
Salaries and Wages	169,441.00	179,441.00	173,055.52	6,385.48	
Other Expenses	34,400.00	44,400.00	35,882.12	8,517.88	
Financial Administration:					
Salaries and Wages	137,900.00	137,900.00	131,659.41	6,240.59	
Other Expenses	27,000.00	27,000.00	25,739.41	1,260.59	
Audit Services	35,100.00	33,100.00	33,100.00		
Revenue Administration:					
Salaries and Wages	83,100.00	83,100.00	78,079.63	5,020.37	
Other Expenses	16,745.00	16,745.00	10,490.67	6,254.33	
Tax Assessment Administration:					
Salaries and Wages	128,000.00	131,000.00	127,169.72	3,830.28	
Other Expenses	18,700.00	18,700.00	13,954.55	4,745.45	
Legal Services:					
Other Expenses	200,000.00	200,000.00	115,380.62	84,619.38	
Engineering Services:					
Other Expenses	75,000.00	75,000.00	58,268.00	16,732.00	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	\$ 3,500.00	\$ 3,500.00	722.50	\$ 2,777.50	
PUBLIC SAFETY FUNCTIONS:					
Police Department:					
Salaries and Wages	3,738,000.00	3,705,000.00	3,407,998.13	297,001.87	
Other Expenses	126,493.00	126,493.00	110,323.62	16,169.38	
Emergency Management Services:					
Salaries and Wages	7,800.00	7,800.00	7,799.57	0.43	
Other Expenses	1,200.00	1,200.00	1,057.36	142.64	
Aid to Volunteer Fire Company	18,000.00	18,000.00	18,000.00		
Aid to First Aid Organization	5,000.00	5,000.00	5,000.00		
Fire Department:					
Salaries and Wages	12,100.00	12,100.00	9,099.41	3,000.59	
Other Expenses	74,800.00	74,800.00	72,956.64	1,843.36	
Supplemental Fire Services Program	7,000.00	7,000.00	5,825.50	1,174.50	
Municipal Prosecutor:					
Salaries and Wages	37,000.00	37,000.00	36,950.88	49.12	
PUBLIC WORKS FUNCTIONS:					
Streets and Roads Maintenance:					
Salaries and Wages	507,500.00	507,500.00	465,760.55	41,739.45	
Other Expenses	240,000.00	240,000.00	199,851.23	40,148.77	
Other Public Works Functions:					
Salaries and Wages	34,500.00	34,500.00	32,704.90	1,795.10	
Other Expenses	11,900.00	11,900.00	6,411.39	5,488.61	
PEOSHA	11,000.00	11,000.00	9,174.76	1,825.24	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS (Continued):					
Solid Waste Collections:					
Salaries and Wages	\$ 558,900.00	\$ 558,900.00	465,584.21	\$ 93,315.79	
Other Expenses	10,850.00	10,850.00	6,293.16	4,556.84	
Buildings and Grounds:					
Salaries and Wages	300,450.00	300,450.00	268,674.05	31,775.95	
Other Expenses	150,000.00	150,000.00	84,570.06	65,429.94	
Vehicle Maintenance:					
Salaries and Wages	70,175.00	70,175.00	65,737.46	4,437.54	
Other Expenses	170,000.00	170,000.00	166,188.85	3,811.15	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	20,700.00	20,700.00	13,250.75	7,449.25	
Other Expenses	17,000.00	17,000.00	13,923.00	3,077.00	
Contributions to Social Services:					
Other Expenses	69,000.00	69,000.00	61,949.00	7,051.00	
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	123,700.00	123,700.00	119,886.55	3,813.45	
Other Expenses	49,520.00	49,520.00	39,919.04	9,600.96	
Municipal Swimming Pool:					
Salaries and Wages	58,000.00	45,000.00	44,868.35	131.65	
Other Expenses	30,000.00	30,000.00	24,050.03	5,949.97	
Accumulated Leave Compensation	70,000.00	70,000.00	70,000.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	\$ 150,000.00	\$ 150,000.00	141,508.19	\$ 8,491.81	
Street Lighting	150,000.00	150,000.00	102,152.23	47,847.77	
Telephone	70,000.00	70,000.00	69,435.34	564.66	
Water	150,000.00	170,000.00	132,730.30	37,269.70	
Gas (Natural or Propane)	45,000.00	45,000.00	14,802.47	30,197.53	
Gasoline	175,000.00	175,000.00	153,005.79	21,994.21	
LANDFILL/SOLID WASTE DISPOSAL COSTS:					
Waste Disposal:					
Other Expenses	492,000.00	492,000.00	423,399.97	68,600.03	
Municipal Court:					
Salaries and Wages	265,500.00	265,500.00	242,954.92	22,545.08	
Other Expenses	22,300.00	22,300.00	16,647.56	5,652.44	
Public Defender (P.L. 1997, C.256):					
Salaries and Wages	10,200.00	10,200.00	7,048.32	3,151.68	
INSURANCE:					
Liability Insurance	340,000.00	340,000.00	338,879.24	1,120.76	
Workers Compensation Insurance	262,000.00	262,000.00	261,675.77	324.23	
Employee Group Insurance	1,399,797.00	1,399,797.00	1,326,688.19	73,108.81	
Health Benefit Waivers	31,150.00	31,150.00		31,150.00	
UNIFORM CONSTRUCTION CODE:					
Code Enforcement:					
Salaries and Wages	350,000.00	350,000.00	339,702.85	10,297.15	
Other Expenses	25,000.00	25,000.00	14,958.44	10,041.56	
Total Operations Within "CAPS"	11,687,596.00	11,684,596.00	10,474,671.60	1,209,924.40	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Detail:					
Salaries and Wages	\$ 6,751,166.00	\$ 6,718,166.00	\$ 6,167,234.46	\$ 550,931.54	
Other Expenses	4,936,430.00	4,966,430.00	4,307,437.14	658,992.86	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	415,273.00	415,273.00	415,273.00		
Social Security System (O.A.S.I.)	283,000.00	291,000.00	289,556.58	1,443.42	
Police and Firemen's Retirement System of NJ	892,505.00	884,505.00	876,469.29	8,035.71	
Unemployment Compensation Insurance	27,000.00	27,000.00	24,163.71	2,836.29	
Defined Contribution Retirement Program	5,000.00	8,000.00	6,914.88	1,085.12	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,622,778.00	1,625,778.00	1,612,377.46	13,400.54	
Total General Appropriations for Municipal Purposes Within "CAPS"	13,310,374.00	13,310,374.00	12,087,049.06	1,223,324.94	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	525,000.00	525,000.00	490,807.92	34,192.08	
Recycling Tax (P.L.2007, C.311)	26,000.00	26,000.00	14,316.00	11,684.00	
Employee Group Insurance	24,203.00	24,203.00	24,203.00		
Shared Service Agreement - Borough of Alpha:					
Police Services	415,000.00	415,000.00	415,000.00		
Municipal Court	21,216.00	21,216.00	21,216.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
Public and Private Program Offset by Revenue:					
Reserve for Recycling Tonnage Grant	\$ 29,120.61	\$ 29,120.61	\$ 29,120.61		
Municipal Alliance on Alcoholism and Drug Abuse:					
Board of Education (N.J.S.A. 40A:4-87 + \$2,000.00)		2,000.00	2,000.00		
State - 2016 (N.J.S.A. 40A:4-87 + \$12,440.00)		12,440.00	12,440.00		
Local	3,750.00	3,750.00	3,750.00		
Private Donation Match (N.J.S.A. 40A:4-87 + \$373.00)		373.00	373.00		
2014 COPS Hiring Program:					
Federal	41,667.00	41,667.00	41,667.00		
Phillipsburg School District	33,796.00	33,796.00	33,796.00		
Local Match	33,796.00	33,796.00	33,796.00		
Clean Communities Program					
(N.J.S.A. 40A:4-87 + \$39,543.39)		39,543.39	39,543.39		
N.J. Youth Corps - 2016 - ALWY17N					
(N.J.S.A. 40A:4-87 + \$540,000.00)		540,000.00	540,000.00		
Body Armor Replacement Grant:					
2015	3,615.18	3,615.18	3,615.18		
2016 (N.J.S.A. 40A:4-87 + \$3,467.35)		3,467.35	3,467.35		
Bulletproof Vest Partnership Grant					
(N.J.S.A. 40A:4-87 + \$3,960.00)		3,960.00	3,960.00		
Green Communities Grant	3,000.00	3,000.00	3,000.00		
Rotary Club - Heritage Trail Donation	1,000.00	1,000.00	1,000.00		
Drunk Driving Enforcement Grant - 2015	2,918.77	2,918.77	2,918.77		
NJ Department of Law and Public Safety:					
Click It or Ticket - 2016 Seatbelt Mobilization					
(N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Public and Private Program Offset by Revenue: (Cont'd)					
NJ Department of Law and Public Safety:					
FY 2017 Pedestrian Safety, Enforcement and Education					
Fund (N.J.S.A. 40A:4-87 + \$10,000.00)		\$ 10,000.00	\$ 10,000.00		
Aqua Road Improvement Donations					
(N.J.S.A. 40A:4-87 + \$112,256.79)		112,256.79	112,256.79		
Supplemental Environmental Project - McWane Ductile					
(N.J.S.A. 40A:4-87 + \$73,500.00)		73,500.00	73,500.00		
Elizabethtown Gas Road Improvement					
(N.J.S.A. 40A:4-87 + \$171,881.33)		171,881.33	171,881.33		
National Park Services:					
Rivers, Trails and Conservation Assistance Program					
(N.J.S.A. 40A:4-87 + \$3,500.00)		3,500.00	3,500.00		
Total Operations Excluded from "CAPS"	\$ 1,164,082.56	2,142,004.42	2,096,128.34	\$ 45,876.08	
Detail:					
Other Expenses	1,164,082.56	2,142,004.42	2,096,128.34	45,876.08	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	75,000.00	75,000.00	75,000.00		
New Jersey Transportation Trust Fund Authority Act:					
2016 Municipal Aid - Heckman Street Phase I					
(N.J.S.A. 40A:4-87 + \$250,000.00)		250,000.00	250,000.00		
2016 Urban Aid (N.J.S.A. 40A:4-87 + \$24,581.00)		24,581.00	24,581.00		
Total Capital Improvements Excluded from "CAPS"	75,000.00	349,581.00	349,581.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Anticipation Notes	\$ 1,017,045.00	\$ 1,017,045.00	\$ 1,017,045.00		
Interest on Notes	31,500.00	31,500.00	31,196.30		\$ 303.70
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	15,550.00	15,550.00	15,545.80		4.20
Capital Lease Obligations	78,500.00	78,500.00	76,690.19		1,809.81
Total Municipal Debt Service Excluded from "CAPS"	1,142,595.00	1,142,595.00	1,140,477.29		2,117.71
Total General Appropriations Excluded from "CAPS"	2,381,677.56	3,634,180.42	3,586,186.63	\$ 45,876.08	2,117.71
Subtotal General Appropriations	15,692,051.56	16,944,554.42	15,673,235.69	1,269,201.02	2,117.71
Reserve for Uncollected Taxes	1,257,429.07	1,257,429.07	1,257,429.07		
Total General Appropriations	\$ 16,949,480.63	\$ 18,201,983.49	\$ 16,930,664.76	\$ 1,269,201.02	\$ 2,117.71

Ref.

A

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 16,949,480.63	
Added by:			
N.J.S.A. 40A:4-87		<u>1,252,502.86</u>	
		<u>\$ 18,201,983.49</u>	
Cash Disbursed			\$ 13,999,933.16
Reserve for Uncollected Taxes			1,257,429.07
Encumbrances	A		290,826.68
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			1,367,620.42
Local Matching Funds			<u>37,546.00</u>
			16,953,355.33
Less: Appropriation Refunds			<u>22,690.57</u>
			<u>\$ 16,930,664.76</u>

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
TRUST FUNDS

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 2,801.23	\$ 2,124.36
Due from Current Fund	A	154.40	8.00
		<u>2,955.63</u>	<u>2,132.36</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,235,092.29	981,194.08
Due from Current Fund	A	89,273.12	
Due from Phillipsburg Urban Enterprise Zone		20,000.00	
Community Development Revolving Loan			
Program Receivable		<u>375,360.66</u>	<u>389,194.77</u>
		<u>1,719,726.07</u>	<u>1,370,388.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,722,681.70</u>	<u>\$ 1,372,521.21</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 2,203.38	\$ 1,380.11
Reserve for Donation for Dog Park		752.25	752.25
		<u>2,955.63</u>	<u>2,132.36</u>
Other Trust Funds:			
Deferred Revenue - Federally Funded Housing Assistance Program		158,569.00	
Due to Current Fund	A		126.24
Reserve for:			
Federally Funded Housing Assistance			
Program (Section 8)		97,042.76	81,839.56
Planning Board/Zoning Board Escrow		176,366.78	81,849.28
Community Development Revolving			
Loan Program		746,268.72	743,101.67
Parking Offense Adjudication Act		1,184.56	2,576.56
Bernards Township R.C.A. Program		138,811.43	115,525.62
Accumulated Sick and Vacation		304,083.95	255,714.84
Police Outside Services		317.50	1,695.39
Small Cities Block Grants		21,093.75	13,817.75
Neighborhood Preservation Grant		11,443.24	11,443.24
Donations for Celebration of Public Events		27,588.81	26,650.78
Storm Recovery		25,000.00	25,000.00
Dog Park User Fees		1,244.00	764.00
Public Defender Fees		7,225.55	8,383.78
Uniform Fire Safety Act		750.00	
Flexible Spending Benefits		<u>2,736.02</u>	<u>1,900.14</u>
		<u>1,719,726.07</u>	<u>1,370,388.85</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,722,681.70</u>	<u>\$ 1,372,521.21</u>

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

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
GENERAL CAPITAL FUND

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

		December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,776,558.80	\$ 1,531,194.21
Prospective Assessments Funded by Taxation			105,839.99
Deferred Charges to Future Taxation:			
Funded		127,462.08	140,266.26
Unfunded	C-4	<u>5,568,436.00</u>	<u>9,906,205.01</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,472,456.88</u>	<u>\$ 11,683,505.47</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Acres Loan Payable	C-9	\$ 127,462.08	\$ 140,266.26
Bond Anticipation Notes Payable	C-7	4,284,900.00	4,417,045.00
Improvement Authorizations:			
Funded	C-5	17,500.00	10,000.00
Unfunded	C-5	2,040,238.18	6,004,390.37
Due to Current Fund	A	556.02	443.54
Capital Improvement Fund	C-6	54,366.84	64,201.84
Reserve for:			
Encumbrances		886,214.35	741,680.06
Improvements		17,500.00	17,500.00
Boiler Room		19,280.16	19,280.16
Garbage Truck Purchase			148,429.00
Prospective Assessments Funded by Taxation			105,839.99
Fund Balance	C-1	<u>24,439.25</u>	<u>14,429.25</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,472,456.88</u>	<u>\$ 11,683,505.47</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 14,429.25
Increased by:		
Premium on Sale of Notes		<u>10,010.00</u>
Balance December 31, 2016	C	<u>\$ 24,439.25</u>

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
SEWER UTILITY FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	E-4	\$ 2,320,339.25	\$ 2,340,631.95
Cash and Cash Equivalents - Collector	E-6	62,620.22	53,491.44
Change Fund		500.00	500.00
		2,383,459.47	2,394,623.39
Due from Sewer Utility Capital Fund	E	982.74	1,112.49
		2,384,442.21	2,395,735.88
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-7	122,165.24	150,028.40
Other Municipalities Accounts Receivable			11,763.52
Sewer Liens Receivable	E-8	3,644.61	2,020.93
Total Receivables with Full Reserves	E	125,809.85	163,812.85
Total Operating Fund		2,510,252.06	2,559,548.73
Capital Fund:			
Cash and Cash Equivalents	E-4	3,616,320.47	3,889,321.76
NJ Environmental Infrastructure Trust Loan Receivable:			
Trust		361,201.82	644,605.82
Fund		595,878.00	1,446,091.00
Fixed Capital	E-9	28,093,337.09	27,529,702.09
Fixed Capital Authorized and Uncompleted	E-10	18,505,800.00	19,069,435.00
Total Capital Fund		51,172,537.38	52,579,155.67
<u>TOTAL ASSETS</u>			
		\$ 53,682,789.44	\$ 55,138,704.40

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

		December 31,	
	Ref.	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 462,223.28	\$ 555,712.12
Encumbered	E-3;E-11	98,115.39	20,851.15
Total Appropriation Reserves		560,338.67	576,563.27
Accounts Payable - Vendors			2,507.50
Accrued Interest on Loans		52,291.67	54,625.00
Due to Current Fund	A	750.00	
Overpayments - Other Municipalities		5,827.21	
		619,207.55	633,695.77
Reserve for Receivables	E	125,809.85	163,812.85
Fund Balance	E-1	1,765,234.66	1,762,040.11
Total Operating Fund		2,510,252.06	2,559,548.73
Capital Fund:			
NJ Environmental Infrastructure Trust Loan Payable:			
Trust	E-16	3,165,000.00	3,305,000.00
Fund	E-16	6,762,065.32	7,174,257.07
Improvement Authorizations:			
Funded	E-12	1,490,684.41	1,891,026.01
Unfunded	E-12	946,664.00	946,664.00
Due to Sewer Utility Operating Fund	E	982.74	1,112.49
Capital Improvement Fund	E-13	2,374,383.32	2,124,383.32
Reserve for:			
Encumbrances		384,326.91	1,640,473.85
Amortization	E-14	30,190,917.77	29,075,091.02
Deferred Amortization	E-15	5,534,490.00	6,098,125.00
NJ Environmental Infrastructure Trust Loan Receivable		103,730.82	103,730.82
Sewer Improvements		34,952.00	34,952.00
Fund Balance	E-1a	184,340.09	184,340.09
Total Capital Fund		51,172,537.38	52,579,155.67
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 53,682,789.44</u>	<u>\$ 55,138,704.40</u>

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

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

		Year Ended December 31,	
	<u>Ref.</u>	2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 397,500.00	\$ 200,000.00
Rents		3,677,538.56	3,737,300.64
Nonbudget Revenue		230,254.06	144,955.92
Other Credits to Income:			
Appropriation Reserves Lapsed		495,211.95	371,305.56
Accounts Payable Cancelled		7.00	
Total Income		<u>4,800,511.57</u>	<u>4,453,562.12</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		3,122,000.00	3,097,000.00
Capital Improvements		250,000.00	10,000.00
Debt Service		715,025.01	627,300.83
Deferred Charges and Statutory Expenditures		28,000.00	28,000.00
Other Municipalities Accounts Receivable Cancelled		0.01	
Refund of Prior Year Revenue		9,792.00	
Total Expenditures		<u>4,124,817.02</u>	<u>3,762,300.83</u>
Excess in Revenue		675,694.55	691,261.29
<u>Fund Balance</u>			
Balance January 1		<u>1,762,040.11</u>	<u>1,570,778.82</u>
		2,437,734.66	2,262,040.11
Decreased by:			
Utilization as Anticipated Revenue		397,500.00	200,000.00
Prior Year Fund Balance Anticipated as Current			
Fund Revenue		<u>275,000.00</u>	<u>300,000.00</u>
Balance December 31	E	\$ 1,765,234.66	\$ 1,762,040.11

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015	E	<u>\$ 184,340.09</u>
Balance December 31, 2016	E	<u><u>\$ 184,340.09</u></u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 397,500.00	\$ 397,500.00	
Rents	<u>3,720,000.00</u>	<u>3,677,538.56</u>	\$ 42,461.44 *
	4,117,500.00	4,075,038.56	42,461.44 *
Nonbudget Revenue		<u>230,254.06</u>	<u>230,254.06</u>
	<u>\$ 4,117,500.00</u>	<u>\$ 4,305,292.62</u>	<u>\$ 187,792.62</u>

Analysis of Rents:

Other Municipalities	\$ 2,046,286.63	
Consumer Accounts Receivable	<u>1,631,251.93</u>	
		<u>\$ 3,677,538.56</u>

Analysis of Nonbudget Revenue

Collector:

Interest on Investments	\$ 2,995.90	
Interest on Sewer Rents	<u>13,786.00</u>	
		\$ 16,781.90

Treasurer:

Sewer Lien Redemption	199.69	
Interest on Investments	15,880.77	
Treatment Works Application Fees	2,186.50	
Returned Check Fees	280.00	
Wastewater Treatment Plant Septic Billing	193,350.79	
Miscellaneous	<u>500.00</u>	
		212,397.75

Due from Sewer Utility Capital Fund:

Interest on Investments	<u>1,074.41</u>	
		<u>\$ 230,254.06</u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended by		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 304,000.00	\$ 304,000.00	\$ 299,564.97	\$ 4,435.03	
Other Expenses	2,818,000.00	2,818,000.00	2,364,370.76	453,629.24	
Capital Improvements:					
Capital Improvement Fund	250,000.00	250,000.00	250,000.00		
Debt Service:					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	717,500.00	717,500.00	715,025.01		\$ 2,474.99
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	25,000.00	25,000.00	22,694.97	2,305.03	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	3,000.00	3,000.00	1,146.02	1,853.98	
	<u>\$ 4,117,500.00</u>	<u>\$ 4,117,500.00</u>	<u>\$ 3,652,801.73</u>	<u>\$ 462,223.28</u>	<u>\$ 2,474.99</u>
<u>Ref.</u>				E	
Cash Disbursed			\$ 3,391,853.08		
Accrued Interest on Loans			162,833.26		
Encumbrances Payable			98,115.39		
			<u>\$ 3,652,801.73</u>		

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2016	2015
<u>ASSETS</u>		
Land	\$ 11,010,800.00	\$ 20,179,750.00
Buildings	14,877,700.00	15,106,100.00
Equipment	8,878,398.95	8,890,558.82
Construction in Progress	13,790,025.12	12,839,206.16
<u>TOTAL ASSETS</u>	<u>\$ 48,556,924.07</u>	<u>\$ 57,015,614.98</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 48,556,924.07</u>	<u>\$ 57,015,614.98</u>
<u>TOTAL RESERVES</u>	<u>\$ 48,556,924.07</u>	<u>\$ 57,015,614.98</u>

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

B. Description of Funds (Cont'd)

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

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

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

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

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

- E. Other significant accounting policies include:

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

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

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

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

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

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

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

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

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

General Fixed Assets Account Group – In accordance with New Jersey Administrative Code accounting requirements, the Town has developed a fixed assets accounting and reporting system based on the following:

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

General Fixed Assets Account Group (Cont'd) – General fixed assets are recorded at historical cost as estimated by the independent appraisal company which conducted the inventory of the Town's fixed assets in 2003. Subsequent fixed assets purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

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

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

Note 2: Long-Term Debt

Summary of Municipal Debt

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

### Summary of Municipal Debt (Cont'd)

	December 31,		
	2016	2015	2014
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 4,412,362.08	\$ 4,557,311.26	\$ 4,099,787.15
Sewer Utility:			
Loans and Notes	9,927,065.32	10,479,257.07	9,822,583.06
Net Debt Issued	<u>14,339,427.40</u>	<u>15,036,568.33</u>	<u>13,922,370.21</u>
 <u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	1,283,536.00	5,489,160.01	6,039,205.01
Sewer Utility:			
Bonds and Notes	946,664.00	946,664.00	2,409,590.00
Total Authorized but not Issued	<u>2,230,200.00</u>	<u>6,435,824.01</u>	<u>8,448,795.01</u>
 Less:			
Redevelopment and Housing per N.J.S.A. 40A:12A-67d		105,839.99	105,839.99
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 16,569,627.40</u>	<u>\$ 21,366,552.35</u>	<u>\$ 22,265,325.23</u>

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.74%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 8,500,000.00	\$ 8,500,000.00	
Sewer Utility Debt	10,873,729.32	10,873,729.32	
General Debt	5,695,898.08		\$ 5,695,898.08
	\$ 25,069,627.40	\$ 19,373,729.32	\$ 5,695,898.08

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Net Debt of \$5,695,898.08 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$765,338,029.00 = 0.74%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 26,786,831.02
Net Debt	<u>5,695,898.08</u>
Remaining Borrowing Power	<u><u>\$ 21,090,932.94</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 4,305,292.62
Deductions:	
Operating and Maintenance Costs	\$ 3,150,000.00
Debt Service	<u>715,025.01</u>
	<u>3,865,025.01</u>
Excess in Revenue	<u><u>\$ 440,267.61</u></u>

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> 12/31/15	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/16
Loans Payable:				
General Capital Fund:				
Green Trust Loans	\$ 140,266.26		\$ 12,804.18	\$ 127,462.08
Sewer Utility Capital Fund:				
NJEIT Loans	10,479,257.07		552,191.75	9,927,065.32
Bond Anticipation Notes:				
General Capital Fund	<u>4,417,045.00</u>	<u>4,284,900.00</u>	<u>4,417,045.00</u>	<u>4,284,900.00</u>
	15,036,568.33	4,284,900.00	4,982,040.93	14,339,427.40
Capital Lease Payable	<u>80,919.12</u>	<u>69,030.75</u>	<u>72,457.86</u>	<u>77,492.01</u>
Total	<u><u>\$15,117,487.45</u></u>	<u><u>\$ 4,353,930.75</u></u>	<u><u>\$ 5,054,498.79</u></u>	<u><u>\$14,416,919.41</u></u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
Loans Payable:				
General Capital Fund:				
Green Trust Loans	\$ 152,818.15		\$ 12,551.89	\$ 140,266.26
Sewer Utility Capital Fund:				
NJEIT Loans	9,822,583.06	\$ 1,462,926.00	806,251.99	10,479,257.07
Bond Anticipation Notes:				
General Capital Fund	<u>3,946,969.00</u>	<u>4,417,045.00</u>	<u>3,946,969.00</u>	<u>4,417,045.00</u>
	13,922,370.21	5,879,971.00	4,765,772.88	15,036,568.33
Capital Lease Payable	<u>78,007.39</u>	<u>74,607.00</u>	<u>71,695.27</u>	<u>80,919.12</u>
Total	<u>\$14,000,377.60</u>	<u>\$ 5,954,578.00</u>	<u>\$ 4,837,468.15</u>	<u>\$15,117,487.45</u>

Analysis of Debt Issued and Outstanding at December 31, 2016

General Capital Green Acres Loan Payable

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 127,462.08</u>

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

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Trust Loan 1	08/01/29	5.00%	\$ 1,065,000.00
Trust Loan 2	08/01/33	3.00%-5.00%	1,765,000.00
Trust Loan 3	08/01/34	4.00%-5.00%	<u>335,000.00</u>
			<u>\$ 3,165,000.00</u>

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

<u>Description</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Fund Loan 1	08/01/29	0.00%	\$ 934,823.40
Fund Loan 2	08/01/33	0.00%	5,063,262.72
Fund Loan 3	08/01/34	0.00%	<u>763,979.20</u>
			<u>\$ 6,762,065.32</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2016 (Cont'd)

General Capital Bond Anticipation Notes Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2016
Various Capital Improvements	04/11/17	1.10%	\$ 100,000.00
Various Capital Improvements	04/11/17	1.10%	200,000.00
Various Capital Improvements	04/11/17	1.10%	300,000.00
Various Capital Improvements	04/11/17	1.10%	500,000.00
Various Capital Improvements	04/11/17	1.10%	500,000.00
Various Capital Improvements	04/11/17	1.10%	400,000.00
Various Capital Improvements	08/15/17	2.00%	1,100,000.00
Various Roadway Improvements	08/15/17	2.00%	300,000.00
Various Improvements to Walter's Park Pool	08/15/17	2.00%	142,500.00
Various Capital Improvements	08/15/17	2.00%	705,000.00
Installation of New Town Phone System	08/15/17	2.00%	37,400.00
			<u>\$ 4,284,900.00</u>
Total Debt Issued and Outstanding			<u>\$ 14,339,427.40</u>

General Capital New Jersey Green Acres Loan

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

N.J. Environmental Infrastructure (EIT) Loans

The Town of Phillipsburg entered into six loan agreements (two in 2010, two in 2014 and two in 2015) with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust") which are recorded in the Sewer Utility Capital Fund. The loan agreements were obtained to finance a portion of the cost of improvements to the Town sewage treatment plant.

At December 31, 2016, the Town has borrowed or "drawn down" \$10,843,325 of the \$11,741,438 Loan funds necessary to complete the improvements to the sewage treatment plant partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2034 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2034. Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

The project related to the 2010 N.J. Environmental Infrastructure loans was completed and closed during 2013, with a balance of \$162,575 that was not drawn down by the Town. The N.J. Environmental Infrastructure Trust applied credits totaling \$106,900 to 2014 principal and interest payments and \$55,675 to 2015 principal and interest payments.

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

Year	General		Sewer		Total
	Principal	Interest	Principal	Interest	
2017	\$ 13,061.54	\$ 2,484.26	\$ 557,191.75	\$ 125,500.00	\$ 698,237.55
2018	13,324.07	2,221.73	567,191.75	118,250.00	700,987.55
2019	13,591.89	1,953.90	577,191.75	110,500.00	703,237.54
2020	13,865.09	1,680.72	582,191.75	102,950.00	700,687.56
2021	14,143.77	1,402.02	592,191.75	94,450.00	702,187.54
2022-2026	59,475.72	2,707.49	3,070,958.75	348,800.00	3,481,941.96
2027-2030			2,917,139.80	148,950.00	3,066,089.80
2031-2034			1,063,008.02	18,837.50	1,081,845.52
	<u>\$ 127,462.08</u>	<u>\$ 12,450.12</u>	<u>\$ 9,927,065.32</u>	<u>\$ 1,068,237.50</u>	<u>\$ 11,135,215.02</u>

Capital Leases Payable

The Township entered into three lease purchase agreements for the purchase of police vehicles. These capital leases have terms of three years. The following is a schedule of the future minimum lease payments at December 31, 2016.

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 56,114.04
2018	24,475.95
Total minimum lease payments	80,589.99
Less: Amount representing interest	(3,097.98)
	<u>\$ 77,492.01</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$14,594,540 at June 30, 2016. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$20,603,050 at June 30, 2016. See Note 5 for further information on the PERS and PFRS.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2016, which is included in the adopted budget for the Current and Sewer Utility Operating Funds for the year ending December 31, 2017 is as follows:

Current Fund	\$ 1,150,000.00
Sewer Utility Operating Fund	417,000.00

Note 4: Local School District Taxes

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

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

Note 5: Pension Plans

Town employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Town contributions to PERS amounted to \$415,273 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2016, the Town's liability was \$14,594,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the Town's proportion was 0.049%, which was an increase of 0.001% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Town recognized \$415,273 in actual pension expense.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 made based upon the contribution rate in the most recent fiscal year. 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate  
(Cont'd)

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate Rate (3.98%)	1% Increase (4.98%)
Town's proportionate share of the Net Pension Liability	\$ 17,883,905	\$ 14,594,540	\$ 11,878,884

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
 (Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under 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.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers 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 local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Town contributions to PFRS amounted to \$892,505 for the year ended December 31, 2016. During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$66,294 to the PFRS for normal pension benefits on behalf of the Town, which is less than the contractually required contribution of \$220,980.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2016, the Town's liability for its proportionate share of the net pension liability was \$20,603,050. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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 members, actuarially determined. At June 30, 2016, the Town's proportion was 0.108%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$1,730,145 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Town 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 members, actuarially determined. At June 30, 2016, the State's proportion was 0.108%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015 which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 20,603,050
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>1,730,145</u>
Total Net Pension Liability	<u>\$ 22,333,195</u>

For the year ended December 31, 2016, the Town recognized total pension expense of \$892,505.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2016 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% 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 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Town) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Town) as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1%	Current	1%
	Decrease (4.55%)	Discount Rate Rate (5.55%)	Increase (6.55%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 28,797,018	\$ 22,333,195	\$ 17,062,337

Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Town recognized pension expense of \$6,915 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$14,024 for the year ended December 31, 2016.

Note 6: Accrued Sick and Vacation Benefits and Compensatory Time

The Town permits employees to accrue a limited amount of unused vacation and sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,498,000. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accrued Sick and Vacation of \$304,083.95 reflected on the Other Trust Funds' balance sheet as of December 31, 2016.

Note 7: Selected Tax Information

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	\$ 3.902	\$ 3.872	\$ 3.746
<u>Apportionment of Tax Rate</u>			
Municipal	1.551	1.506	1.494
County	.747	.842	.829
Local School	1.604	1.524	1.423
<u>Assessed Valuations</u>			
2016	<u>\$ 710,810,350.00</u>		
2015		<u>\$ 712,506,551.00</u>	
2014			<u>\$ 713,380,604.00</u>

Comparison of Tax Levies and Collection

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 27,916,861.86	\$ 26,894,514.04	96.33%
2015	27,604,749.97	26,489,774.74	95.96%
2014	26,748,877.42	25,693,139.89	96.05%

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

Note 8: Cash and Cash Equivalents

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

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

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

Custodial Credit Risk – The Town's policy with respect to custodial credit risk requires that the Town ensures that Town funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits

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

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

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

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

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

Investments

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

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

Investments (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (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) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, cash and cash equivalents of the Town of Phillipsburg consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 1,090.00	\$ 11,054,029.45	\$ 11,055,119.45
Animal Control		2,801.23	2,801.23
Other Trust		1,235,092.29	1,235,092.29
General Capital		1,776,558.80	1,776,558.80
Sewer Utility:			
Operating	500.00	2,382,959.47	2,383,459.47
Capital		3,616,320.47	3,616,320.47
	<u>\$ 1,590.00</u>	<u>\$ 20,067,761.71</u>	<u>\$ 20,069,351.71</u>

The Town did not hold any investments during the year ended December 31, 2016. The carrying amount of the Town's cash and cash equivalents at year end was \$20,069,351.71 and the bank balance was \$20,059,221.74. The carrying amount of the Town's cash and cash equivalents at December 31, 2015 was \$15,474,132.27 and the bank balance was \$15,159,378.80.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 9: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the State of New Jersey health benefits plan.

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

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

The December 31, 2016 audit report was not available as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2015 is as follows:

Total Assets	\$ 42,511,989
Net Position	\$ 5,327,694
Total Revenue	\$ 27,313,612
Total Expenditures	\$ 27,163,170
Change in Net Position	\$ 150,442
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 10: Community Development Revolving Loan Program

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

Note 11: Contingencies

The Town is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Town's financial position as of December 31, 2016.

Various tax appeals on assessed valuations have been filed against the Town and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Town's Tax Assessor will aggressively defend the Town's assessments. The Town has established a reserve in the amount of \$498,450.18 so as to provide for this contingency, which it believes is sufficient.

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

On February 7, 2014, the Township of Lopatcong filed a Complaint in the Superior Court of New Jersey, Law Division, Warren County, Docket No. WRN-L-41-14, against the Town of Phillipsburg ("Phillipsburg"). The complaint concerns the rates charged by the Town to the Township of Lopatcong for sewerage treatment services. The complaint asserts causes of action for breach of contract, violation of the Municipal and County Sewerage Treatment Act, N.J.S.A. 40A:26A-1, et seq., unjust enrichment, preemption and equal protection. The complaint seeks monetary damages of no less than \$1.2 million, declaratory relief and counsel fees. The Town of Phillipsburg's prior counsel for this litigation filed a motion for summary judgment which was denied on December 18, 2014. The current sewer litigation counsel conducted written discovery and the matter was dismissed without prejudice on September 16, 2016 pending mediation. If the mediation is unsuccessful, any party may petition to the court to reinstate the litigation. Mediation is anticipated to occur by late summer 2017, after the parties have exchanged expert reports. The sewer litigation counsel anticipates that this matter may be successfully resolved through the mediation, or through litigation if the mediation is unsuccessful. However, the special counsel is unable to determine whether a loss contingency appears remote or probable at this date.

On April 15, 2014, the Township of Greenwich filed a Complaint in the Superior Court of New Jersey, Law Division, Warren County, Docket No. WRN-L-136-14, against the Town of Phillipsburg ("Phillipsburg"). The complaint concerns the rates charged by the Town to the Township of Greenwich for sewerage treatment services. The complaint asserts causes of action for breach of contract, violation of the Municipal and County Sewerage Treatment Act, N.J.S.A. 40A:26A-1, et seq., unjust enrichment, preemption, equal protection and violation of the Consumer Fraud Act, N.J.S.A. 56-8-1 et seq.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 11: Contingencies (Cont'd)

The complaint seeks compensatory damages, interest and declaratory relief. The Consumer Fraud Act count also seeks treble damages available under the statute, as well as attorney fees and costs. The complaint does not set forth the amount of damages sought. On July 11, 2014, the Town's prior counsel for this matter filed an answer on behalf of the Town. The current sewer litigation counsel has been conducting discovery and the Town has engaged an expert to address the claims of the plaintiff. This case was consolidated with the Lopatcong Township case discussed above by way of court order dated May 8, 2015 and written discovery was subsequently conducted. The matter was dismissed without prejudice on September 16, 2016 pending mediation. If the mediation is unsuccessful, any party may petition to the court to reinstate the litigation. Mediation is anticipated to occur by late summer 2017, after the parties have exchanged expert reports. The sewer litigation counsel anticipates that this matter may be successfully resolved through the mediation, or through litigation if the mediation is unsuccessful. However, the special counsel is unable to determine whether a loss contingency appears remote or probable at this date.

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 1,306.02	\$ 537,632.48
Federal and State Grant	448,204.96	
Animal Control	154.40	
Other Trust	89,273.12	
General Capital		556.02
Sewer Utility Operating	982.74	750.00
Sewer Utility Capital		982.74
	<u>\$ 539,921.24</u>	<u>\$ 539,921.24</u>

The interfund receivable in the Current Fund comprises of December 2016 interest due from the General Capital Fund and an interfund advanced to the Sewer Utility Operating Fund. The interfund receivable in the Federal and State Grant Fund reflects the net of Federal and State Grant Fund receipts collected by the Current Fund and Federal and State Grant Fund expenditures paid by the Current Fund. The interfund receivable in the Other Trust Funds reflects amounts due to the Reserves for Accumulated Sick and Vacation and Dog Park User Fees from the Current Fund, offset by December 2016 interest due to the Current Fund. The interfund receivable in the Animal Control Fund is the December 2016 dog and cat license fees collected in the Current Fund. The interfund receivable in the Sewer Utility Operating Fund primarily reflects December 2016 interest earnings due from the Sewer Utility Capital Fund.

Note 13: Economic Dependency

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the years ended December 31, 2016 and 2015:

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Land	\$20,179,750.00		\$ 9,168,950.00	\$11,010,800.00
Buildings	15,106,100.00		228,400.00	14,877,700.00
Machinery and Equipment	8,890,558.82	\$ 11,900.00	24,059.87	8,878,398.95
Construction in Progress	12,839,206.16	950,818.96		13,790,025.12
	<u>\$57,015,614.98</u>	<u>\$ 962,718.96</u>	<u>\$ 9,421,409.87</u>	<u>\$48,556,924.07</u>
	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Land	\$19,681,750.00	\$ 514,300.00	\$ 16,300.00	\$20,179,750.00
Buildings	15,091,600.00	33,700.00	19,200.00	15,106,100.00
Machinery and Equipment	8,855,564.83	37,683.99	2,690.00	8,890,558.82
Construction in Progress	6,829,077.37	6,010,128.79		12,839,206.16
	<u>\$50,457,992.20</u>	<u>\$ 6,595,812.78</u>	<u>\$ 38,190.00</u>	<u>\$57,015,614.98</u>

Note 15: Tax Abatements

During the year ended December 31, 2016, the Town implemented Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatements*, which requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

As of December 31, 2016, The Town provides a tax abatement to a public nonprofit housing organization for its senior citizen and low income housing developments in the Town pursuant to a resolution of the governing body dated July 10, 2014 and agreements dated November 9, 1949, April 24, 1951, March 12, 1958, October 31, 1962 and November 10, 1969. In consideration of the full abatement of taxes, the public nonprofit housing organization is required to pay to the Town an annual service charge.

The Town recognized revenue in the amount of \$164,761 from this annual service charge or payment in lieu of taxes which is recorded as an anticipated miscellaneous in the Current Fund. The taxes which would have been paid on this property for 2016 without the abatement would have been \$1,102,042 of which \$438,039 would have been for the local municipal tax and minimum library tax.

As of December 31, 2016, the Town provides a tax abatement to a redeveloper for its residential apartment unit property in the Town pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") Law of 1983 (N.J.S.A. 55:14K-1 et seq.), a resolution of the Mayor and Town Council and a financial agreement between the Town and the redeveloper; and with the approval of the NJHMFA as provided N.J.S.A. 55:14K-37. The exemption from real property taxation and the redeveloper's obligation to make payments in lieu of taxes shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the NJHMFA Law, may not exceed 50 years. In consideration of the full abatement of taxes, the redeveloper is required to pay to the Town an annual service charge for municipal services in an amount equal to 9% of revenues as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Town or the redeveloper or a dispute arises between the two parties, either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion as well tend to accomplish the purposes of the HMFA Law.

TOWN OF PHILLIPSBURG

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2016

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 Corporate or Personal Surety</u>
Stephen R. Ellis	Mayor		
Bernie Fey	President; Councilman		
Todd Tersigni	Vice President; Councilman		
Joshua Davis	Councilman		
Mark Lutz	Councilman		
Randy Piazza, Sr.	Councilman		
Victoria Kleiner	Municipal Clerk	**	
Robert Merlo	Chief Financial Officer	**	
Sandra Callery	Tax Collector	\$ 350,000.00	Selective Insurance Company
Craig Brotons	Tax Assessor	**	
Richard Wenner	Town Attorney		
Anthony J. Pannella	Bond Counsel		
Kevin Duddy	Construction Official	**	
John Fritts	Zoning Officer	**	
Stanley J. Schrek	Engineer		
Dennis Yoder	Engineer for Wastewater Treatment Plant		
James Swick	Magistrate	(1)	
Lauri Kaulius	Municipal Court Administrator	(1)	
Christopher M. Troxell	Prosecutor		

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

\*\* Covered by blanket bond as described below.

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
CURRENT FUND

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 6,145,237.10
Increased by Receipts:		
Tax Collector	\$ 27,764,150.22	
Clerk	125,196.82	
Taxes Receivable - Homestead Rebates	354,047.74	
Revenue Accounts Receivable	3,522,609.97	
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions	135,542.31	
Nonbudget Revenue	298,381.17	
2016 Appropriation Refunds	22,690.57	
Interest on Investments and Deposits	22,841.12	
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable	2,033,552.43	
Due from Other Trust Funds:		
Settlement of Prior Year Interfund	126.24	
Due from General Capital Fund:		
Settlement of Prior Year Interfund	443.54	
Due from Payroll Accounts:		
Settlement of Prior Year Interfund	33.39	
Due from Claims Account:		
Settlement of Prior Year Interfund	160.54	
Due to Phillipsburg Emergency Squad	47,898.00	
Reserve for:		
Sale of Municipal Assets	2,335,722.29	
Library	520,090.00	
		37,183,486.35
		43,328,723.45
Decreased by Disbursements:		
2016 Appropriation Expenditures	13,999,933.16	
2015 Appropriation Reserves	440,741.08	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	703,490.60	
Prior Year Encumbrances Payable	499,163.53	
Due to Sewer Utility Operating Fund:		
Interfund Advanced	750.00	
Sewer Lien Redemption	199.69	
Sewer Rents	47.91	
Local School District Taxes	11,256,929.00	
County Taxes	5,305,375.16	
Due to Phillipsburg Housing Authority	15,000.00	
Accounts Payable	120.00	
Refund of Tax Overpayments	987.07	
Refund of Tax Sale Premiums	210,800.00	
Refund of Outside Liens	2,548.00	
Reserve for:		
Revaluation	3,450.00	
Tax Appeals	34,913.42	
Library	460,957.46	
Library - Prior Year Encumbrances Payable	5,295.58	
Change Funds	40.00	
		32,940,741.66
Balance December 31, 2016	A	\$ 10,387,981.79

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2015	<u>Ref.</u> A	\$ 524,333.11
Increased by Receipts:		
Taxes Receivable	\$ 26,962,247.26	
Tax Title Liens Redemption	20,908.15	
2017 Prepaid Taxes	161,821.45	
Interest and Costs on Taxes	190,319.23	
Tax Sale Premiums	326,200.00	
Due to Sewer Utility Operating Fund:		
Redemption of Sewer Lien	199.69	
Interest on Sewer Rents	47.91	
Redemption of Outside Liens	419,396.03	
Interest on Deposits	15,980.48	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	129,227.49	
Tax Sale Costs	20,636.91	
Miscellaneous	16,300.00	
Tax Overpayments	47,215.30	
		<u>28,310,499.90</u>
		28,834,833.01
Decreased by:		
Payments to Treasurer	27,764,150.22	
Refund of Outside Liens	418,354.03	
		<u>28,182,504.25</u>
Balance December 31, 2016	A	<u>\$ 652,328.76</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - CLERK

Balance December 31, 2015	<u>Ref.</u> A	\$ 5,054.26
Increased by Receipts:		
Due to State of NJ:		
Marriage License Fees	\$ 2,625.00	
Due to Animal Control Fund:		
Due to State of NJ:		
Dog License Fees	1,488.00	
Dog License Fees	7,177.40	
Dog License Late Fees	620.60	
Cat License Fees	1,513.00	
Cat License Late Fees	260.00	
Replacement Tags	2.00	
Due to Other Trust Funds:		
Reserve for Dog Park User Fees	500.00	
Alcoholic Beverages Licenses	32,930.00	
Other Licenses	8,164.00	
Fees and Permits	87,806.57	
Miscellaneous Revenue Not Anticipated	4,643.00	
Interest on Deposits	50.89	
		147,780.46
		152,834.72
Decreased by:		
Payments to Treasurer - Current Fund	125,196.82	
Payment to Animal Control Fund:		
Settlement of Prior Year Interfund	8.00	
Dog and Cat Licenses and Late Fees	9,418.60	
Due to Other Trust Funds:		
Reserve for Dog Park User Fees	460.00	
Payments to State of NJ:		
Department of Health - Dog License Fees	1,457.40	
Marriage License Fees	2,575.00	
		139,115.82
Balance December 31, 2016	A	\$ 13,718.90

TOWN OF PHILLIPSBURG  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

Year	Balance Dec. 31, 2015	2016 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2016
			2015	2016					
2014	\$ 5,972.56							\$ 797.60	\$ 5,174.96
2015	965,203.47			\$ 954,972.00		\$ (2,750.00)		2,967.20	10,014.27
	971,176.03			954,972.00		(2,750.00)		3,764.80	15,189.23
2016		\$ 27,916,861.86	\$ 294,337.55	26,361,323.00	\$ 100,532.27	138,321.22	\$ 16,899.65	49,490.14	955,958.03
	<u>\$ 971,176.03</u>	<u>\$ 27,916,861.86</u>	<u>\$ 294,337.55</u>	<u>\$ 27,316,295.00</u>	<u>\$ 100,532.27</u>	<u>\$ 135,571.22</u>	<u>\$ 16,899.65</u>	<u>\$ 53,254.94</u>	<u>\$ 971,147.26</u>
Ref.	A								A

\$ 24,910.37 Prior Year Overpayment  
75,621.90 Reserve for Tax Appeals  
\$ 100,532.27

Analysis of 2016 Property Tax Levy:

Tax Yield:

General Purpose Tax \$ 27,735,819.99  
Added Taxes (54:4-63.1 et seq.) 181,041.87

\$ 27,916,861.86

Tax Levy:

Local School District Taxes \$ 11,400,147.00

County Taxes:

County Taxes \$ 4,991,086.48  
County Open Space Taxes 310,858.98  
Due County for Added and Omitted Taxes 34,659.81

5,336,605.27  
16,736,752.27

Local Tax for Municipal Purposes 10,776,009.44  
Municipal Library Taxes 254,936.63  
Additional Taxes Levied 149,163.52

11,180,109.59  
\$ 27,916,861.86

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 219,210.39
Increased by:		
Transfer from Taxes Receivable		\$ 53,254.94
Interest and Costs on Tax Sale		<u>10,375.04</u>
		<u>63,629.98</u>
		282,840.37
Decreased by:		
Tax Title Liens Redeemed		<u>20,908.15</u>
Balance December 31, 2016	A	<u><u>\$ 261,932.22</u></u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2015	A	\$	9,433.05
Increased By:			
Municipal Charges Transferred to Liens		\$	5,100.00
Interest and Costs on Tax Sale			76.76
			<u>5,176.76</u>
Balance December 31, 2016	A	\$	<u>14,609.81</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2015	A	\$	44,673.55
Increased By:			
Municipal Charges Imposed			117,216.54
			<u>161,890.09</u>
Decreased By:			
Cancellation		\$	0.10
Collections - Municipal Charges			129,227.49
Transfer to Municipal Charge Liens			5,100.00
			<u>134,327.59</u>
Balance December 31, 2016	A	\$	<u>27,562.50</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued In 2016	Collected by Treasurer	Collected by Clerk	Balance Dec. 31, 2016
Alcoholic Beverages Licenses		\$ 32,930.00		\$ 32,930.00	
Other Licenses		8,164.00		8,164.00	
Fees and Permits		134,686.57	\$ 46,880.00	87,806.57	
Municipal Court:					
Fines and Costs	\$ 16,055.52	198,497.15	202,596.92		\$ 11,955.75
Payment in Lieu of Taxes - Federal Housing Project		164,761.30	164,761.30		
Payment in Lieu of Taxes - Sewage Treatment		83,500.00	83,500.00		
Consolidated Municipal Property Tax Relief Aid		421,277.00	421,277.00		
Energy Receipts Taxes		1,584,124.00	1,584,124.00		
Uniform Construction Code Fees		226,481.00	226,481.00		
Pool Receipts and Passes		21,773.75	21,773.75		
Utility Operating Surplus of Prior Year		275,000.00	275,000.00		
Rental of Town Facilities - Former Armory and Town Garage		60,000.00	60,000.00		
Shared Service Agreement - Borough of Alpha:					
Police Services		415,000.00	415,000.00		
Municipal Court		21,216.00	21,216.00		
	<u>\$ 16,055.52</u>	<u>\$ 3,647,410.77</u>	<u>\$ 3,522,609.97</u>	<u>\$ 128,900.57</u>	<u>\$ 11,955.75</u>
<u>Ref.</u>	A				A

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

	Balance Dec. 31, 2015	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2016
Municipal Alliance:					
2013	\$ 73.62				\$ 73.62
2015	974.02				974.02
2016	12,440.00		\$ 12,440.00		
2017		\$ 12,440.00			12,440.00
Board of Education Match		2,000.00	2,000.00		
Private Donation Cash Match		373.00	373.00		
N.J. Department of Labor and Workforce Development:					
N.J. Youth Corps - 2015 - ALWY16N	264,739.00		256,746.00		7,993.00
N.J. Youth Corps - 2016 - ALWY17N		540,000.00	265,278.00		274,722.00
N.J. Transportation Trust Fund Authority Act:					
2009 - Morris Street	26,904.52				26,904.52
2013 - Municipal Aid Program - Sitgreaves Street	66,815.00				66,815.00
2013 - Local Aid Infrastructure Fund - Improvements to Washington Street	450,000.00		337,500.00		112,500.00
Municipal Aid:					
2014 - Improvements to South Main St. Phase VI	59,427.50				59,427.50
2015 - Improvements to Main St. Phase VII	274,581.00		205,935.75		68,645.25
2016 - Heckman Street Phase I		250,000.00			250,000.00
2016 Urban Aid - Heckman Street Phase I		24,581.00			24,581.00
Clean Communities Program - 2016		39,543.39	39,543.39		
Recycling Tonnage Grant - 2016		29,120.61	29,120.61		
Delaware River Joint Bridge Commission:					
Compact Authorized Investments - 2010	131,350.91				131,350.91
Drunk Driving Enforcement Grant - 2015		2,918.77		\$ 2,918.77	
Body Armor Replacement Grant:					
2015		3,615.18		3,615.18	
2016		3,467.35	3,467.35		
Bulletproof Vest Partnership Grant - 2016		3,960.00			3,960.00

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

	Balance Dec. 31, 2015	Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2016
NJ Department of Law and Public Safety:					
Click It or Ticket - 2016 Seatbelt Mobilization		\$ 5,000.00	\$ 3,955.04		\$ 1,044.96
FY 2017 Pedestrian Safety, Enforcement and Education Fund		10,000.00			10,000.00
NJ Highlands Council:					
2009 Plan Conformance Grant	\$ 15,620.39				15,620.39
2009 Plan Conformance Grant - Supplemental	138,230.00		31,120.50		107,109.50
N.J. Department of Environmental Protection:					
Green Acres Delaware Heights	170,416.51				170,416.51
Supplemental Environmental Project - McWane Ductile		73,500.00			73,500.00
Division of Parks & Forestry:					
Green Communities Grant		3,000.00	3,000.00		
National Park Services:					
Rivers, Trails and Conservation Assistance Program		3,500.00	3,500.00		
Restoration Central Railroad of NJ Interlocking Tower	34,713.29		31,525.19		3,188.10
Westminster Presbyterian Church Stained Glass Window	14,510.00				14,510.00
Aqua Road Improvement Donations		112,256.79	112,256.79		
2014 Assistance to Firefighters Grant	447,540.00		447,540.00		
2014 COPS Hiring Program:					
Federal	28,608.03	41,667.00	41,573.48		28,701.55
Phillipsburg School District		33,796.00	33,796.00		
Rotary Club - Heritage Trail Donation		1,000.00	1,000.00		
Elizabethtown Gas Road Improvement		171,881.33	171,881.33		
	<u>\$ 2,136,943.79</u>	<u>\$ 1,367,620.42</u>	<u>\$ 2,033,552.43</u>	<u>\$ 6,533.95</u>	<u>\$ 1,464,477.83</u>

Ref.

A

A

Federal Grants  
State Grants  
Local Grants

\$ 1,040,004.27  
640,715.85  
352,832.31  
\$ 2,033,552.43

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 20,324.55	\$ 20,324.55	\$ 633.12	\$ 19,691.43
Other Expenses	17,534.48	17,534.48	2,814.25	14,720.23
Human Resources:				
Other Expenses	3,000.00	3,000.00	1,065.00	1,935.00
Mayor and Council:				
Salaries and Wages	467.53	467.53		467.53
Other Expenses	3,968.48	3,968.48	80.29	3,888.19
Municipal Clerk:				
Salaries and Wages	3,232.56	3,232.56	1,589.96	1,642.60
Other Expenses	6,628.48	6,628.48	2,983.70	3,644.78
Financial Administration:				
Salaries and Wages	11,919.90	10,669.90	2,412.59	8,257.31
Other Expenses	3,167.75	4,417.75	4,394.36	23.39
Audit Services	735.00	735.00		735.00
Revenue Administration:				
Salaries and Wages	4,266.61	4,266.61	1,387.42	2,879.19
Other Expenses	4,823.56	4,823.56	150.00	4,673.56
Tax Assessment Administration:				
Salaries and Wages	1,851.75	1,851.75	1,186.12	665.63
Other Expenses	2,451.70	2,451.70	150.00	2,301.70
Legal Services:				
Other Expenses	68,215.74	68,215.74	30,849.00	37,366.74
Engineering Services:				
Other Expenses	21,823.61	21,823.61	7,050.00	14,773.61
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Other Expenses	3,210.00	3,210.00		3,210.00
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Police Department:				
Salaries and Wages	229,923.11	229,923.11	229,355.93	567.18
Other Expenses	43,351.00	43,351.00	43,177.02	173.98
Emergency Management Services:				
Salaries and Wages	12.40	12.40		12.40
Other Expenses	675.74	675.74	655.86	19.88
Fire Department:				
Salaries and Wages	22.98	22.98		22.98
Other Expenses	4,761.99	4,761.99	4,736.99	25.00
Fire Department:				
Supplemental Fire Services Program	5,280.00	5,280.00	5,235.00	45.00

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Municipal Prosecutor:				
Salaries and Wages	\$ 80.94	\$ 80.94		\$ 80.94
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	12,582.71	12,582.71	\$ 5,659.51	6,923.20
Other Expenses	79,501.27	79,501.27	79,114.99	386.28
Other Public Works Functions:				
Salaries and Wages	1,878.17	1,878.17	921.70	956.47
Other Expenses	7,401.06	7,401.06	1,469.25	5,931.81
PEOSHA	3,299.54	3,299.54	3,299.54	
Solid Waste Collection:				
Salaries and Wages	18,746.64	18,746.64	18,620.11	126.53
Other Expenses	4,850.00	4,850.00	4,000.00	850.00
Buildings and Grounds:				
Salaries and Wages	27,518.00	27,518.00	27,485.08	32.92
Other Expenses	10,493.88	10,493.88	10,476.74	17.14
Vehicle Maintenance:				
Salaries and Wages	3,378.84	3,378.84	928.56	2,450.28
Other Expenses	8,425.65	8,425.65	8,307.59	118.06
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Salaries and Wages	11,783.67	11,783.67		11,783.67
Other Expenses	1,552.44	1,552.44	406.07	1,146.37
Contributions to Social Services:				
Other Expenses	5,373.56	5,373.56	4,353.34	1,020.22
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	4,875.84	4,875.84	2,638.73	2,237.11
Other Expenses	18,755.20	18,755.20	6,437.44	12,317.76
Municipal Swimming Pool:				
Salaries and Wages	67.29	67.29		67.29
Other Expenses	895.83	895.83	895.83	
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	12,767.00	12,767.00	1,732.52	11,034.48
Street Lighting	30,422.41	30,422.41	11,703.15	18,719.26
Telephone:	4,200.60	4,200.60	4,200.60	
Other Expenses				
Water	27,167.16	27,167.16	27,167.16	
Gas (Natural or Propane)	19,384.16	19,384.16	3,348.75	16,035.41
Gasoline	119,775.54	119,775.54	2,208.13	117,567.41

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
SOLID WASTE DISPOSAL COSTS:				
Waste Disposal:				
Other Expenses	\$ 206,355.47	\$ 206,355.47	\$ 40,608.50	\$ 165,746.97
Municipal Court:				
Salaries and Wages	10,227.64	10,227.64	762.03	9,465.61
Other Expenses	2,335.39	2,335.39	1,003.06	1,332.33
Public Defender (P.L. 1998 Chapter 256):				
Salaries and Wages	8,990.76	8,990.76		8,990.76
INSURANCE:				
Liability Insurance	112.48	112.48		112.48
Workers Compensation Insurance	1,922.56	1,922.56		1,922.56
Employees Group Insurance	30,848.04	20,848.04	2,186.72	18,661.32
Health Benefit Waivers	30,000.00	30,000.00	25,000.00	5,000.00
UNIFORM CONSTRUCTION CODE:				
Code Enforcement:				
Salaries and Wages	3,499.32	3,499.32	3,277.87	221.45
Other Expenses	6,373.10	16,373.10	12,047.00	4,326.10
STATUTORY EXPENDITURES:				
Public Employees Retirement System	44.48	44.48		44.48
Social Security System (O.A.S.I)	789.46	789.46	789.46	
Consolidated Police and Firemen's Pension Fund	3,000.00	3,000.00		3,000.00
Police and Firemen's Retirement System of NJ	969.97	969.97		969.97
Unemployment Compensation Insurance	2,315.68	2,315.68	1,500.88	814.80
Defined Contribution Retirement Program	2,499.26	2,499.26		2,499.26
Maintenance of Free Public Library	28,574.58	28,574.58	9,421.34	19,153.24
Recycling Tax (P.L.2007, C.311)	11,255.00	11,255.00	5,379.00	5,876.00
	<u>\$ 1,246,939.51</u>	<u>\$ 1,246,939.51</u>	<u>\$ 667,257.26</u>	<u>\$ 579,682.25</u>

Ref.Analysis of Balance on December 31, 2015:

Unencumbered	A	\$ 1,019,024.45
Encumbered	A	<u>227,915.06</u>
		<u>\$ 1,246,939.51</u>

Cash Disbursed	\$ 440,741.08
Accounts Payable	26,516.18
Due to Other Trust Funds:	
Reserve for Accumulated Absences	<u>200,000.00</u>
	<u>\$ 667,257.26</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 1,773,312.50
Increased by:		
Levy School Year - July 1, 2016 through June 30, 2017		11,400,147.00
		<u>13,173,459.50</u>
Decreased by:		
Payments to Local School District		<u>11,256,929.00</u>
Balance December 31, 2016	A	<u><u>\$ 1,916,530.50</u></u>

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

	Balance Dec. 31, 2015	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2016
Clean Communities Program:						
2014	\$ 161.05					\$ 161.05
2015	4,944.79		\$ 4,944.79			
2016		\$ 39,543.39	17,964.69	\$ 9,885.00		11,693.70
Drunk Driving Enforcement Fund:						
2014	785.99		169.00	169.00		447.99
2015		2,918.77				2,918.77
Municipal Alliance Program:						
2013 - State	122.37					122.37
2016 - State	10,450.00		10,450.00			
2017 - State		12,440.00		540.00		11,900.00
2015 - Local	151.00		151.00			
2016 - Local	3,732.00		2,563.93			1,168.07
2017 - Local		3,750.00				3,750.00
Board of Education - 2014	344.87		344.87			
Board of Education - 2015	2,000.00		1,495.13	497.31		7.56
Board of Education - 2016		2,000.00				2,000.00
Private Donation Cash Match		373.00				373.00
Body Armor Replacement Grant:						
2014	7,557.19			3,936.19		3,621.00
2015		3,615.18	1,391.37	2,223.81		
2016		3,467.35				3,467.35
Bulletproof Vest Partnership Grant - 2016		3,960.00				3,960.00
FY04 Exercise Program Implementation Action Grant	1,028.20					1,028.20
N.J. Department of Labor and Workforce Development:						
N.J. Youth Corps - 2015 - ALWY16N	268,816.00		260,823.00			7,993.00
N.J. Youth Corps - 2016 - ALWY17N		540,000.00	210,400.00			329,600.00
Municipal Stormwater Regulation Program - 2006	4,251.25					4,251.25

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

	Balance Dec. 31, 2015	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2016
Recycling Tonnage Grant:						
2009	\$ 3,789.96		\$ 3,789.96			
2011	23,487.00		23,487.00			
2012	29,353.46		26,995.41	\$ 1,237.05		\$ 1,121.00
2013	22,249.00		8,585.86	1,109.40		12,553.74
2014	21,252.00					21,252.00
2015	21,700.53					21,700.53
2016		\$ 29,120.61				29,120.61
DRJTBC Compact Authorized Investments Grant	45,440.96					45,440.96
Delaware River Joint Bridge Commission:						
Resurfacing Northampton Street Toll Supported Bridge	63,000.00					63,000.00
Compact Authorized Investments - 2010	131,350.91					131,350.91
N.J. Transportation Trust Fund Authority Act:						
2009 - Morris Street	23,941.00					23,941.00
2012 - Municipal Aid Program - Main St, Phase V	13,733.04					13,733.04
2013 - Local Aid Infrastructure Fund - Improvements to Washington Street					\$ 23.18	23.18
2016 Municipal Aid - Heckman Street Phase I		250,000.00				250,000.00
2016 Urban Aid - Heckman Street Phase I		24,581.00				24,581.00
Reserve for Domestic Violence Grant	2,973.00					2,973.00
NJ Department of Law and Public Safety:						
Click It or Ticket - 2016 Seatbelt Mobilization		5,000.00	3,954.29			1,045.71
FY 2017 Pedestrian Safety, Enforcement and Education Fund		10,000.00	6,881.70	2,719.88		398.42
Division of State Police - CERT Trailer Equipment & Supply	1,150.00		998.82			151.18
State of NJ Highlands Council:						
2009 Plan Conformance Grant - Supplemental	131,846.11		8,250.00			123,596.11
NJ Department of Environmental Protection:						
Green Acres Delaware Heights	99,440.33					99,440.33
Green Communities Grant		3,000.00	3,000.00			
Supplemental Environmental Project - McWane Ductile		73,500.00				73,500.00

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

	Balance Dec. 31, 2015	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2016
National Park Services:						
Rivers, Trails and Conservation Assistance Program:						
2014	\$ 2,693.95		\$ 2,415.29			\$ 278.66
2016		\$ 3,500.00	3,500.00			
St. Luke's Hospital Donation - Pool	50,000.00			\$ 19,268.61		30,731.39
Warren County DARE Officers Association	242.08					242.08
St. Luke's Warren Campus Hospital Donation	2,910.60		2,948.11		\$ 37.51	
Restoration Central Railroad of NJ Interlocking Tower				3,109.53	3,109.53	
Westminster Presbyterian Church Stained Glass Window	14,510.00					14,510.00
Aqua Road Improvement Donations:						
2015	63,369.75					63,369.75
2016		112,256.79				112,256.79
2014 COPS Hiring Program:						
Federal	16,809.19	41,667.00	37,984.26			20,491.93
Phillipsburg School District	5,609.24	33,796.00	30,001.07			9,404.17
Local Match	5,609.35	33,796.00	30,001.05			9,404.30
Rotary Club - Heritage Trail Donation		1,000.00				1,000.00
Elizabethtown Gas Road Improvement		171,881.33				171,881.33
	<u>\$ 1,100,806.17</u>	<u>\$ 1,405,166.42</u>	<u>\$ 703,490.60</u>	<u>\$ 44,695.78</u>	<u>\$ 3,170.22</u>	<u>\$ 1,760,956.43</u>
Ref	A					A
Federal/State/Local Grants		\$ 1,367,620.42				
Local Matching Funds		37,546.00				
		<u>\$ 1,405,166.42</u>				
Federal Grants			\$ 47,853.84		\$ 23.18	
State Grants			588,131.60	\$ 21,820.33		
Local Grants			67,505.16	22,875.45	3,147.04	
			<u>\$ 703,490.60</u>	<u>\$ 44,695.78</u>	<u>\$ 3,170.22</u>	

TOWN OF PHILLIPSBURG  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES  
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Transferred to 2016 Budget Revenue
Drunk Driving Enforcement Fund	\$ 2,918.77	\$ 2,918.77
Body Armor Replacement Grant	3,615.18	3,615.18
	<u>\$ 6,533.95</u>	<u>\$ 6,533.95</u>

Ref.                      A

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
TRUST FUNDS

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2015	B	\$ 2,124.36	\$ 981,194.08
Increased by Receipts:			
Dog License Fees		\$ 7,063.00	
Cat License Fees		1,473.00	
Dog/Cat License Late Fees		880.60	
Replacement Tags		2.00	
Interest Earned		22.69	
Due to/from Current Fund:			
Settlement of Prior Year Interfund		8.00	
Interest Earned			131.25
Community Development Revolving Loan Program:			
Program Receivable - Principal Repayments			13,834.11
Interest on Deposits/Loans			3,377.05
Reserve for:			
Planning/Zoning Board Escrow			263,277.64
Public Defender:			
Receipts			2,360.00
Interest Earned			32.28
Parking Offense Adjudication Act			198.00
Bernards Township R.C.A. Program:			
Interest Earned			441.81
Rehabilitation Repayments			22,844.00
Police Outside Services:			
Receipts			384,619.28
Administrative Fees Due to Current Fund			110,635.63
Accumulated Sick and Vacation			70,000.00
Small Cities Block Grants - Program Income			7,276.00
Fire Safety Dedicated Penalties			750.00
Donations for Celebration of Public Events			1,250.00
Dog Park User Fees			460.00
Federally Funded Housing Assistance (Section 8 Program):			
2016 Grant Funds			1,814,560.00
2017 Grant Funds - Deferred Revenue			158,569.00
Flexible Spending Benefits Deposits			20,860.06
		<u>9,449.29</u>	<u>2,875,476.11</u>
		11,573.65	3,856,670.19
Decreased by Disbursements:			
Administrative Expenses		8,772.42	
Due to Current Fund:			
Settlement of Prior Year Interfund			126.24
Reserve for:			
Public Defender			3,550.51
Planning/Zoning Board Escrow			168,760.14
Accumulated Sick and Vacation			221,630.89
Federally Funded Housing Assistance (Section 8 Program):			
Program Expenditures			1,799,356.80
Police Outside Services			385,997.17
Donations for Celebration of Public Events			311.97
Parking Offense Adjudication Act			1,590.00
Community Development Revolving Loan Program:			
Legal Fees			210.00
Due from Phillipsburg Urban Enterprise Zone			20,000.00
Dog Park User Fees			20.00
Flexible Spending Benefits Disbursements			20,024.18
		<u>8,772.42</u>	<u>2,621,577.90</u>
Balance December 31, 2016	B	<u>\$ 2,801.23</u>	<u>\$ 1,235,092.29</u>

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
ANALYSIS OF ASSESSMENT TRUST FUND CASH  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2015	B	\$	1,380.11
Increased by:			
Cash Received in Animal Control Fund:			
Dog License Fees		\$	7,063.00
Cat License Fees			1,473.00
Cat/Dog License Late Fees			880.60
Replacement Tags			2.00
Interest Earned			22.69
Cash Received in Current Fund:			
Dog License Fees			114.40
Cat License Fees			40.00
			<hr/> 9,595.69
			<hr/> 10,975.80
Decreased by:			
Expenditures Under R.S.4:19-15.11			<hr/> 8,772.42
Balance December 31, 2016	B	\$	<hr/> <hr/> 2,203.38

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 9,716.40
2015	9,257.70
	<hr/>
Maximum Allowable Reserve	<hr/> \$ 18,974.10 <hr/>

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 1,531,194.21
Increased by:		
Capital Improvement Fund:		
2016 Budget Appropriation	\$ 75,000.00	
Capital Fund Balance:		
Premium on Bond Anticipation Notes	10,010.00	
Bond Anticipation Notes Issued	884,900.00	
Due to Current Fund:		
Interest Earned	556.02	
		<hr/> 970,466.02
		<hr/> 2,501,660.23
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund	443.54	
Prior Year Encumbrances	237,936.41	
Improvement Authorization Expenditures	486,721.48	
		<hr/> 725,101.43
Balance December 31, 2016	C	<hr/> \$ 1,776,558.80 <hr/>

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

		Receipts			Disbursements				
		Balance	Bond	Budget	Improvement				Balance
		(Deficit)	Anticipation	Appropriation	Authorization		Transfers		(Deficit)
		Dec. 31, 2015	Miscellaneous	Notes	Miscellaneous	Expenditures	From	To	Dec. 31, 2016
Fund Balance		\$ 14,429.25	\$ 10,010.00						\$ 24,439.25
Capital Improvement Fund		64,201.84		\$ 75,000.00			\$ 84,835.00		54,366.84
Due To Current Fund		443.54	556.02		\$ 443.54				556.02
Reserve for Encumbrances		741,680.06			237,936.41		254,944.95	\$ 637,415.65	886,214.35
Reserve for Improvements		17,500.00							17,500.00
Reserve for Boiler Room		19,280.16							19,280.16
Reserve for Garbage Truck Purchase		148,429.00					148,429.00		
Ord.									
No.	Improvement Description								
02-04	Various Capital Improvements	3,504.05				\$ 1,929.05			1,575.00
03-04	Various Capital Improvements	5,894.00							5,894.00
05-18	Various Capital Improvements	4,362.26							4,362.26
06-20	Various Capital Improvements	114,250.48						2,500.00	116,750.48
07-07	Various Capital Improvements	46,396.36				37,096.36			9,300.00
08-12	Various Capital Improvements	3,642.44				1,383.29			2,259.15
09-10	Various Capital Improvements	28,153.60				4,278.06			23,875.54
11-09	Various Capital Improvements	263.76							263.76
12-07	Various Capital Improvements	101,535.74				19,858.72		33.45	81,710.47
13-10	Various Capital Improvements	259,866.91				167,312.46		800.00	93,354.45
13-13	Walter's Park Improvements Project	10,000.00							10,000.00
14-11	Various Capital Improvements	310,272.79				9,696.75	83,565.80	689.00	217,699.24
14-23	Various Roadway Improvements					54,125.82	5,936.35	106,505.28	46,443.11
15-05	Various Improvements to Walter's Park Pool	(56,984.62)	142,500.00			13,896.00	56,064.00		15,555.38
15-13	Various Capital Improvements	(271,027.41)	705,000.00			37,097.92	3,000.00	144,417.22	538,291.89
15-17	Installation of New Town Phone System	(34,900.00)	37,400.00						2,500.00
16-02	Various Improvements to Walter's Park Pool							7,500.00	7,500.00
16-13	Various Capital Improvements					133,977.05	484,919.50	215,764.00	(403,132.55)
16-20	Heritage Trails Project					6,070.00	3,930.00	10,000.00	
		\$ 1,531,194.21	\$ 10,566.02	\$ 884,900.00	\$ 75,000.00	\$ 238,379.95	\$ 486,721.48	\$ 1,125,624.60	\$ 1,776,558.80

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

						Analysis of Balance December 31, 2016			
Ord.		Balance	2016	Notes	Improvement	Balance	Bond		Unexpended
No.	Improvement Description	Dec. 31, 2015	Authorizations	Paid by Budget Appropriation	Authorization Cancelled	Dec. 31, 2016	Anticipation Notes	Expenditures	Improvement Authorizations
<u>General Improvements:</u>									
07-07	Various Capital Improvements	\$ 250,000.00		\$ 250,000.00					
08-12	Various Capital Improvements	400,000.00		300,000.00		\$ 100,000.00	\$ 100,000.00		
09-10	Various Capital Improvements	370,000.00		170,000.00		200,000.00	200,000.00		
10-10	Various Capital Improvements	367,000.00		67,000.00		300,000.00	300,000.00		
11-09	Various Capital Improvements	600,000.00		100,000.00		500,000.00	500,000.00		
12-07	Various Capital Improvements	530,000.00		30,000.00		500,000.00	500,000.00		
13-10	Various Capital Improvements	455,000.00		55,000.00		400,000.00	400,000.00		
14-11	Various Capital Improvements	1,112,545.00		12,545.00		1,100,000.00	1,100,000.00		
14-23	Various Roadway Improvements	332,500.00		32,500.00		300,000.00	300,000.00		
15-05	Various Improvements to Walter's Park Pool	142,500.00				142,500.00	142,500.00		
15-13	Various Capital Improvements	705,000.00				705,000.00	705,000.00		
15-17	Installation of New Town Phone System	47,500.00				47,500.00	37,400.00		\$ 10,100.00
16-02	Various Improvements to Walter's Park Pool		\$ 142,500.00			142,500.00			142,500.00
16-13	Various Capital Improvements		1,130,936.00			1,130,936.00		\$ 403,132.55	727,803.45
<u>Local Improvements</u>									
06-32	Various Local Improvements	4,594,160.01			\$ 4,594,160.01				
		\$ 9,906,205.01	\$ 1,273,436.00	\$ 1,017,045.00	\$ 4,594,160.01	\$ 5,568,436.00	\$ 4,284,900.00	\$ 403,132.55	\$ 880,403.45
	Ref.	C				C			

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded

\$ 2,040,238.18

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. #02-04	\$ 1,575.00
Ord. #03-04	5,894.00
Ord. #05-18	4,362.26
Ord. #06-20	116,750.48
Ord. #07-07	9,300.00
Ord. #08-12	2,259.15
Ord. #09-10	23,875.54
Ord. #11-09	263.76
Ord. #12-07	81,710.47
Ord. #13-10	93,354.45
Ord. #14-11	217,699.24
Ord. #14-23	46,443.11
Ord. #15-05	15,555.38
Ord. #15-13	538,291.89
Ord. #15-17	2,500.00

1,159,834.73

\$ 880,403.45

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2015		2016 Authorizations		Paid or Charged	Prior Year Encumbrances Canceled	Authorizations Cancelled	Balance December 31, 2016	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation - Unfunded	Other Financing Sources				Funded	Unfunded
<u>General Improvements:</u>												
02-04	Various Capital Improvements	04/16/02	\$ 915,000.00		\$ 3,504.05			\$ 1,929.05				\$ 1,575.00
03-04	Various Capital Improvements	04/01/03	967,385.00		5,894.00							5,894.00
05-18	Various Capital Improvements	05/03/05	1,288,320.00		4,362.26							4,362.26
06-20	Various Capital Improvements	05/26/06	2,283,842.00		114,250.48				\$ 2,500.00			116,750.48
07-07	Various Capital Improvements	05/01/07	795,800.00		46,396.36			37,096.36				9,300.00
08-12	Various Capital Improvements	05/06/08	814,600.00		3,642.44			1,383.29				2,259.15
09-10	Various Capital Improvements	05/19/09	524,610.00		28,153.60			4,278.06				23,875.54
11-09	Various Capital Improvements	05/17/11	692,815.00		263.76							263.76
12-07	Various Capital Improvements	04/17/12	599,766.00		101,535.74			19,858.72	33.45			81,710.47
13-10	Various Capital Improvements	05/07/13	517,500.00		259,866.91			167,312.46	800.00			93,354.45
13-13	Walter's Park Improvements Project	06/18/13	10,000.00	\$ 10,000.00							\$ 10,000.00	
14-11	Various Capital Improvements	04/15/14	1,171,100.00		310,272.79			93,262.55	689.00			217,699.24
14-23	Various Roadway Improvements	11/17/14	350,000.00					60,062.17	106,505.28			46,443.11
15-05	Various Improvements to Walter's Park Pool	02/17/15	150,000.00		85,515.38			69,960.00				15,555.38
15-13	Various Capital Improvements	05/05/15	742,865.00		433,972.59			40,097.92	144,417.22			538,291.89
15-17	Installation of New Town Phone System	09/15/15	50,000.00		12,600.00							12,600.00
16-02	Various Improvements to Walter's Park Pool	03/15/16	150,000.00			\$ 142,500.00	\$ 7,500.00				7,500.00	142,500.00
16-13	Various Capital Improvements	05/17/16	1,346,700.00			1,130,936.00	215,764.00	618,896.55				727,803.45
16-20	Heritage Trails Project	08/16/16	10,000.00				10,000.00	10,000.00				
<u>Local Improvements</u>												
06-32	Various Local Improvements	09/19/06	4,700,000.00		4,594,160.01					\$4,594,160.01		
				\$ 10,000.00	\$ 6,004,390.37	\$ 1,273,436.00	\$ 233,264.00	\$ 1,124,137.13	\$ 254,944.95	\$4,594,160.01	\$ 17,500.00	\$ 2,040,238.18
	<u>Ref.</u>			C	C						C	C
				Capital Improvement Fund			\$ 84,835.00	Deferred Charges to Future				
				Reserve for Garbage Truck Purchase			148,429.00	Taxation Unfunded				
							<u>\$ 233,264.00</u>	<u>\$4,594,160.01</u>				
							<u>Ref.</u>					
				Cash Disbursed				\$ 486,721.48				
				Encumbrances			C	637,415.65				
								<u>\$ 1,124,137.13</u>				

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 64,201.84
Increased by:		
2016 Budget Appropriation		75,000.00
		<u>139,201.84</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		84,835.00
		<u>84,835.00</u>
Balance December 31, 2016	C	<u>\$ 54,366.84</u>

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

Ord. No.	Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
			Issue	Maturity					
07-07	Various Capital Improvements	05/01/08	04/10/15	04/08/16	0.69%	\$ 250,000.00		\$ 250,000.00	
08-12	Various Capital Improvements	04/28/09	04/10/15	04/08/16	0.69%	230,000.00		230,000.00	
			08/18/15	08/17/16	0.74%	170,000.00		170,000.00	
			04/12/16	04/11/17	1.10%		\$ 100,000.00		\$ 100,000.00
09-10	Various Capital Improvements	04/19/11	04/10/15	04/08/16	0.69%	270,000.00		270,000.00	
			08/18/15	08/17/16	0.74%	100,000.00		100,000.00	
			04/12/16	04/11/17	1.10%		200,000.00		200,000.00
10-10	Various Capital Improvements	04/19/11	04/10/15	04/08/16	0.69%	367,000.00		367,000.00	
			04/12/16	04/11/17	1.10%		300,000.00		300,000.00
11-09	Various Capital Improvements	04/18/12	04/10/15	04/08/16	0.69%	600,000.00		600,000.00	
			04/12/16	04/11/17	1.10%		500,000.00		500,000.00
12-07	Various Capital Improvements	04/18/12	04/10/15	04/08/16	0.69%	530,000.00		530,000.00	
			04/12/16	04/11/17	1.10%		500,000.00		500,000.00
13-10	Various Capital Improvements	04/14/14	04/10/15	04/08/16	0.69%	455,000.00		455,000.00	
			04/12/16	04/11/17	1.10%		400,000.00		400,000.00
14-11	Various Capital Improvements	08/18/15	08/18/15	08/17/16	0.74%	1,112,545.00		1,112,545.00	
			08/16/16	08/15/17	2.00%		1,100,000.00		1,100,000.00
14-23	Various Roadway Improvements	08/18/15	08/18/15	08/17/16	0.74%	332,500.00		332,500.00	
			08/16/16	08/15/17	2.00%		300,000.00		300,000.00

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Issue of Original Note	Issue	Maturity					
15-05	Various Improvements to Walter's Park Pool	08/16/16	08/16/16	08/15/17	2.00%		\$ 142,500.00		\$ 142,500.00
15-13	Various Capital Improvements	08/16/16	08/16/16	08/15/17	2.00%		705,000.00		705,000.00
15-17	Installation of New Town Phone System	08/16/16	08/16/16	08/15/17	2.00%		37,400.00		37,400.00
						<u>\$ 4,417,045.00</u>	<u>\$ 4,284,900.00</u>	<u>\$ 4,417,045.00</u>	<u>\$ 4,284,900.00</u>
					<u>Ref.</u>	C			C
				New Issues			\$ 884,900.00		
				Renewals			3,400,000.00	\$ 3,400,000.00	
				Paid by Budget Appropriation				1,017,045.00	
							<u>\$ 4,284,900.00</u>	<u>\$ 4,417,045.00</u>	

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
01-16	Improvements to Delaware Heights Park	<u>\$ 140,266.26</u>	<u>\$ 12,804.18</u>	<u>\$ 127,462.08</u>
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2016

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 127,462.08
11	1/11/17	\$ 1,274.62	\$ 6,498.28	120,963.80
12	7/11/17	1,209.64	6,563.26	114,400.54
13	1/11/18	1,144.01	6,628.89	107,771.65
14	7/11/18	1,077.72	6,695.18	101,076.47
15	1/11/19	1,010.76	6,762.14	94,314.33
16	7/11/19	943.14	6,829.75	87,484.58
17	1/11/20	874.85	6,898.05	80,586.53
18	7/11/20	805.87	6,967.04	73,619.49
19	1/11/21	736.19	7,036.70	66,582.79
20	7/11/21	665.83	7,107.07	59,475.72
21	1/11/22	594.76	7,178.14	52,297.58
22	7/11/22	522.98	7,249.93	45,047.65
23	1/11/23	450.48	7,322.42	37,725.23
24	7/11/23	377.25	7,395.65	30,329.58
25	1/11/24	303.30	7,469.60	22,859.98
26	7/11/24	228.60	7,544.30	15,315.68
27	1/11/25	153.16	7,619.74	7,695.94
28	7/11/25	76.96	7,695.94	-0-
		<u>\$ 12,450.12</u>	<u>\$ 127,462.08</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Notes Paid by Budget Appropriation	Bond Anticipation Notes Matured	Bond Anticipation Notes Issued	Improvement Authorization Cancelled	Balance Dec. 31, 2016
06-32	Various Local Improvements	\$ 4,594,160.01					\$ 4,594,160.01	
07-07	Various Capital Improvements			\$ 250,000.00	\$ 250,000.00			
08-12	Various Capital Improvements			300,000.00	400,000.00	\$ 100,000.00		
09-10	Various Capital Improvements			170,000.00	370,000.00	200,000.00		
10-10	Various Capital Improvements			67,000.00	367,000.00	300,000.00		
11-09	Various Capital Improvements			100,000.00	600,000.00	500,000.00		
12-07	Various Capital Improvements			30,000.00	530,000.00	500,000.00		
13-10	Various Capital Improvements			55,000.00	455,000.00	400,000.00		
14-11	Various Capital Improvements			12,545.00	1,112,545.00	1,100,000.00		
14-23	Various Roadway Improvements			32,500.00	332,500.00	300,000.00		
15-05	Various Improvements to Walter's Park Pool	142,500.00				142,500.00		
15-13	Various Capital Improvements	705,000.00				705,000.00		
15-17	Installation of New Town Phone System	47,500.00				37,400.00		\$ 10,100.00
16-02	Various Improvements to Walter's Park Pool		\$ 142,500.00					142,500.00
16-13	Various Capital Improvements		1,130,936.00					1,130,936.00
		<u>\$ 5,489,160.01</u>	<u>\$ 1,273,436.00</u>	<u>\$ 1,017,045.00</u>	<u>\$ 4,417,045.00</u>	<u>\$ 4,284,900.00</u>	<u>\$ 4,594,160.01</u>	<u>\$ 1,283,536.00</u>

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2016  
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

		<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 2,340,631.95	\$ 3,889,321.76
Increased by Receipts:			
Utility Collector		\$ 1,638,905.05	
Sewer Rents - Other Municipalities		2,046,286.63	
Overpayments - Other Municipalities		5,827.20	
Nonbudget Revenue		212,397.75	
Due to Current Fund:			
Interfund Advanced		750.00	
Due from Sewer Utility Capital Fund:			
Settlement of Prior Year Interfund		1,204.16	
2016 Budget Appropriation:			
Capital Improvement Fund			\$ 250,000.00
Environmental Infrastructure Loan Receivable:			
Fund Loan			850,213.00
Trust Loan			283,404.00
Due to Sewer Utility Operating Fund:			
Interest Earned			1,074.41
		<u>3,905,370.79</u>	<u>1,384,691.41</u>
		6,246,002.74	5,274,013.17
Decreased by Disbursements:			
2016 Appropriation Expenditures		3,391,853.08	
2015 Appropriation Reserves		81,351.32	
Accrued Interest on Loans		165,166.59	
Accounts Payable		2,500.50	
Refund of Prior Year Revenue		9,792.00	
Prior Year Encumbrances			1,350,138.14
Improvement Authorization Expenditures			306,350.40
Due to Current Fund:			
Anticipated Revenue - 2016 Budget		275,000.00	
Due to Sewer Utility Operating Fund:			
Partial Settlement of Prior Year Interfund			1,204.16
		<u>3,925,663.49</u>	<u>1,657,692.70</u>
Balance December 31, 2016	E	<u>\$ 2,320,339.25</u>	<u>\$ 3,616,320.47</u>

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

	Balance (Deficit) Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Miscellaneous	Improvement Authorizations	From	To	
Capital Improvement Fund	\$ 2,124,383.32	\$ 250,000.00						\$ 2,374,383.32
Due to/(from) Sewer Utility Operating Fund	1,112.49		\$ 1,074.41	\$ 1,204.16				982.74
NJ Environmental Infrastructure Loan Receivable: Trust	(644,605.82)		283,404.00					(361,201.82)
NJ Environmental Infrastructure Loan Receivable: Fund	(1,446,091.00)		850,213.00					(595,878.00)
Reserve for Encumbrances	1,640,473.85			1,350,138.14		\$ 87,429.60	\$ 181,420.80	384,326.91
Reserve for Sewer Improvements	34,952.00							34,952.00
Reserve for NJ Environmental Infrastructure Trust								
Loan Receivable	103,730.82							103,730.82
Fund Balance	184,340.09							184,340.09
Ord.								
No.		Improvement Authorizations						
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement Pump	10,229.96						10,229.96
03-01	Additional Services for Wastewater Treatment Management Plan	9,567.25						9,567.25
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	19,798.89			\$ 19,798.89			
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	67,888.95			17,019.51	51,612.60	5,912.00	5,168.84
09-13	Improvements to Town Sewage Treatment Plant	436,943.69						436,943.69
12-08	Capital Purchases	497,546.75					23,490.10	521,036.85
13-20	Improvements to Sewage Treatment Plant	358,257.12				14,719.20	58,027.50	401,565.42
14-20	Improvements to Town Sewage Treatment Plant	90,793.40			68,306.00			22,487.40
15-21	General Improvements to the Wastewater Treatment Plant	400,000.00			201,226.00	115,089.00		83,685.00
	<u>\$ 3,889,321.76</u>	<u>\$ 250,000.00</u>	<u>\$ 1,134,691.41</u>	<u>\$ 1,351,342.30</u>	<u>\$ 306,350.40</u>	<u>\$ 268,850.40</u>	<u>\$ 268,850.40</u>	<u>\$ 3,616,320.47</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 53,491.44
Increased by:		
Consumer Accounts Receivable		\$ 1,631,251.93
Interest on Sewer Rents		13,786.00
Interest on Investments		2,995.90
		<hr/> 1,648,033.83
		<hr/> 1,701,525.27
Decreased by:		
Disbursed to Sewer Treasurer		<hr/> 1,638,905.05
Balance December 31, 2016	E	<hr/> <hr/> \$ 62,620.22

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 150,028.40
Increased by:		
Sewer Rents Levied		1,605,162.36
		<u>1,755,190.76</u>
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable	\$ 1,773.59	
Sewer Collector - Cash Received	<u>1,631,251.93</u>	
		<u>1,633,025.52</u>
Balance December 31, 2016	E	<u><u>\$ 122,165.24</u></u>

SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 2,020.93
Increased by:		
Transfer from Consumer Accounts Receivable	\$ 1,773.59	
Interest and Costs Accrued at Tax Sale	<u>49.78</u>	
		<u>1,823.37</u>
		3,844.30
Decreased by:		
Sewer Lien Redemption		<u>199.69</u>
Balance December 31, 2016	E	<u><u>\$ 3,644.61</u></u>

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Additions By Ordinance	Balance Dec. 31, 2016
Sewer Treatment Plant	\$ 26,651,726.85	\$ 525,000.00	\$ 27,176,726.85
Various Capital Improvements	201,881.57		201,881.57
General Equipment	676,093.67	38,635.00	714,728.67
	<u>\$ 27,529,702.09</u>	<u>\$ 563,635.00</u>	<u>\$ 28,093,337.09</u>
<u>Ref.</u>	E		E

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2015	Costs to Fixed Capital	Balance Dec. 31, 2016
01-13	06/05/01	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement of Pump	\$ 96,000.00		\$ 96,000.00
03-01	01/21/03	Additional Services for Wastewater Management Plan	15,500.00		15,500.00
05-19	05/03/05	General Improvements to the Wastewater Treatment Plant and Associated Facilities	525,000.00	\$ 525,000.00	
07-12	07/17/07	General Improvements to the Wastewater Treatment Plant and Associated Facilities	394,550.00		394,550.00
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	5,815,250.00		5,815,250.00
12-08	04/17/12	Capital Purchases	1,800,000.00		1,800,000.00
13-20	10/15/13	Improvements to Sewage Treatment Plant	7,907,500.00		7,907,500.00
14-08	03/18/14	Raw Water Influent Pump	38,635.00	38,635.00	
14-20	10/07/14	Improvements to Town Sewage Treatment Plant	2,077,000.00		2,077,000.00
15-21	12/01/15	General Improvements to the Wastewater Treatment Plant	400,000.00		400,000.00
			<u>\$ 19,069,435.00</u>	<u>\$ 563,635.00</u>	<u>\$ 18,505,800.00</u>
		<u>Ref.</u>	E		E

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 33,370.58	\$ 33,370.58	\$ 4,665.56	\$ 28,705.02
Other Expenses	537,606.53	537,606.53	75,759.45	461,847.08
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	3,620.17	3,620.17	356.91	3,263.26
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,965.99	1,965.99	569.40	1,396.59
	<u>\$ 576,563.27</u>	<u>\$ 576,563.27</u>	<u>\$ 81,351.32</u>	<u>\$ 495,211.95</u>

Ref.

Analysis of Balance December 31, 2015

Unencumbered	E	\$ 555,712.12
Encumbered	E	<u>20,851.15</u>
		<u>\$ 576,563.27</u>

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015		Paid or Charged	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement Pump	06/05/01	\$ 96,000.00	\$ 10,229.96				\$ 10,229.96	
03-01	Additional Services for Wastewater Management Plan	01/21/03	15,500.00	9,567.25				9,567.25	
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/03/05	525,000.00	19,798.89		\$ 19,798.89			
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	394,550.00	67,888.95		68,632.11	\$ 5,912.00	5,168.84	
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	5,815,250.00	436,943.69	\$ 187,590.00			436,943.69	\$ 187,590.00
12-08	Capital Purchases	04/17/12	1,800,000.00	497,546.75			23,490.10	521,036.85	
13-20	Improvements to Sewage Treatment Plant	10/15/13	7,907,500.00	358,257.12	145,000.00	14,719.20	58,027.50	401,565.42	145,000.00
14-20	Improvements to Town Sewage Treatment Plant	10/07/14	2,077,000.00	90,793.40	614,074.00	68,306.00		22,487.40	614,074.00
15-21	General Improvements to the Wastewater Treatment Plant	12/01/15	400,000.00	400,000.00		316,315.00		83,685.00	
				<u>\$ 1,891,026.01</u>	<u>\$ 946,664.00</u>	<u>\$ 487,771.20</u>	<u>\$ 87,429.60</u>	<u>\$ 1,490,684.41</u>	<u>\$ 946,664.00</u>
				<u>Ref.</u>	E	E		E	E
				Cash Disbursed		\$ 306,350.40			
				Encumbrances		181,420.80			
						<u>\$ 487,771.20</u>			

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

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 2,124,383.32
Increased by:		
2016 Budget Appropriation		<u>250,000.00</u>
Balance December 31, 2016	E	<u><u>\$ 2,374,383.32</u></u>

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 29,075,091.02
Increased by:		
NJ Environmental Infrastructure Trust Loans Paid by		
Operating Budget	\$ 552,191.75	
Transferred from Deferred Reserve for Amortization	<u>563,635.00</u>	
		<u>1,115,826.75</u>
Balance December 31, 2016	E	<u><u>\$ 30,190,917.77</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2015	Transferred to Reserve for Amortization	Balance Dec. 31, 2016
01-13	Preparation of Limit Analysis Study, Wastewater Management Plan, Purchase of Sewer Router and Replacement of Pump	06/19/01	\$ 96,000.00		\$ 96,000.00
03-01	Additional Services for Wastewater Management Plan	01/21/03	15,500.00		15,500.00
05-19	General Improvements to the Wastewater Treatment Plant and Associated Facilities	05/03/05	525,000.00	\$ 525,000.00	
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	394,550.00		394,550.00
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	2,828,440.00		2,828,440.00
12-08	Capital Purchases	04/17/12	1,800,000.00		1,800,000.00
14-08	Raw Water Influent Pump	03/18/14	38,635.00	38,635.00	
15-21	General Improvements to the Wastewater Treatment Plant	12/01/15	400,000.00		400,000.00
			<u>\$ 6,098,125.00</u>	<u>\$ 563,635.00</u>	<u>\$ 5,534,490.00</u>
		<u>Ref.</u>	E		E

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

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2015	E	\$ 3,305,000.00	\$ 7,174,257.07
Decreased by:			
Loans Paid by Operating Budget		140,000.00	412,191.75
Balance December 31, 2016	E	<u>\$ 3,165,000.00</u>	<u>\$ 6,762,065.32</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340874-04  
TRUST LOAN OUTSTANDING DECEMBER 31, 2016

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,065,000.00
14	2/1/17	\$ 21,700.00		1,065,000.00
15	8/1/17	21,700.00	\$ 65,000.00	1,000,000.00
16	2/1/18	20,075.00		1,000,000.00
17	8/1/18	20,075.00	65,000.00	935,000.00
18	2/1/19	18,450.00		935,000.00
19	8/1/19	18,450.00	70,000.00	865,000.00
20	2/1/20	17,050.00		865,000.00
21	8/1/20	17,050.00	70,000.00	795,000.00
22	2/1/21	15,300.00		795,000.00
23	8/1/21	15,300.00	75,000.00	720,000.00
24	2/1/22	14,175.00		720,000.00
25	8/1/22	14,175.00	80,000.00	640,000.00
26	2/1/23	12,575.00		640,000.00
27	8/1/23	12,575.00	80,000.00	560,000.00
28	2/1/24	10,975.00		560,000.00
29	8/1/24	10,975.00	85,000.00	475,000.00
30	2/1/25	9,275.00		475,000.00
31	8/1/25	9,275.00	90,000.00	385,000.00
32	2/1/26	7,475.00		385,000.00
33	8/1/26	7,475.00	90,000.00	295,000.00
34	2/1/27	5,900.00		295,000.00
35	8/1/27	5,900.00	95,000.00	200,000.00
36	2/1/28	4,000.00		200,000.00
37	8/1/28	4,000.00	100,000.00	100,000.00
38	2/1/29	2,000.00		100,000.00
39	8/1/29	2,000.00	100,000.00	-0-
		<u>\$ 317,900.00</u>	<u>\$ 1,065,000.00</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010 LOAN #S340874-04  
FUND LOAN OUTSTANDING DECEMBER 31, 2016

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 934,823.40
14	2/1/17	\$ 23,969.83	910,853.57
15	8/1/17	47,939.66	862,913.91
16	2/1/18	23,969.83	838,944.08
17	8/1/18	47,939.66	791,004.42
18	2/1/19	23,969.83	767,034.59
19	8/1/19	47,939.66	719,094.93
20	2/1/20	23,969.83	695,125.10
21	8/1/20	47,939.66	647,185.44
22	2/1/21	23,969.83	623,215.61
23	8/1/21	47,939.66	575,275.95
24	2/1/22	23,969.83	551,306.12
25	8/1/22	47,939.66	503,366.46
26	2/1/23	23,969.83	479,396.63
27	8/1/23	47,939.66	431,456.97
28	2/1/24	23,969.83	407,487.14
29	8/1/24	47,939.66	359,547.48
30	2/1/25	23,969.83	335,577.65
31	8/1/25	47,939.66	287,637.99
32	2/1/26	23,969.83	263,668.16
33	8/1/26	47,939.66	215,728.50
34	2/1/27	23,969.83	191,758.67
35	8/1/27	47,939.66	143,819.01
36	2/1/28	23,969.83	119,849.18
37	8/1/28	47,939.66	71,909.52
38	2/1/29	23,969.83	47,939.69
39	8/1/29	47,939.69	-0-
		<u>\$ 934,823.40</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2014A TRUST LOAN #S340874-05  
TRUST LOAN OUTSTANDING DECEMBER 31, 2016

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,765,000.00
6	2/1/17	\$ 33,575.00		1,765,000.00
7	8/1/17	33,575.00	\$ 70,000.00	1,695,000.00
8	2/1/18	31,825.00		1,695,000.00
9	8/1/18	31,825.00	75,000.00	1,620,000.00
10	2/1/19	29,950.00		1,620,000.00
11	8/1/19	29,950.00	80,000.00	1,540,000.00
12	2/1/20	27,950.00		1,540,000.00
13	8/1/20	27,950.00	85,000.00	1,455,000.00
14	2/1/21	25,825.00		1,455,000.00
15	8/1/21	25,825.00	90,000.00	1,365,000.00
16	2/1/22	23,575.00		1,365,000.00
17	8/1/22	23,575.00	90,000.00	1,275,000.00
18	2/1/23	21,325.00		1,275,000.00
19	8/1/23	21,325.00	95,000.00	1,180,000.00
20	2/1/24	18,950.00		1,180,000.00
21	8/1/24	18,950.00	100,000.00	1,080,000.00
22	2/1/25	16,450.00		1,080,000.00
23	8/1/25	16,450.00	105,000.00	975,000.00
24	2/1/26	14,875.00		975,000.00
25	8/1/26	14,875.00	110,000.00	865,000.00
26	2/1/27	13,225.00		865,000.00
27	8/1/27	13,225.00	115,000.00	750,000.00
28	2/1/28	11,500.00		750,000.00
29	8/1/28	11,500.00	115,000.00	635,000.00
30	2/1/29	9,775.00		635,000.00
31	8/1/29	9,775.00	120,000.00	515,000.00
32	2/1/30	7,975.00		515,000.00
33	8/1/30	7,975.00	125,000.00	390,000.00
34	2/1/31	6,100.00		390,000.00
35	8/1/31	6,100.00	125,000.00	265,000.00
36	2/1/32	4,225.00		265,000.00
37	8/1/32	4,225.00	130,000.00	135,000.00
38	2/1/33	2,193.75		135,000.00
39	8/1/33	2,193.75	135,000.00	-0-
		<u>\$ 598,587.50</u>	<u>\$ 1,765,000.00</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2014A FUND LOAN #S340874-05  
FUND LOAN OUTSTANDING DECEMBER 31, 2016

Payment Number	Maturity Date	Principal	Balance of Loan
			\$ 5,063,262.72
6	2/1/17	\$ 99,279.66	4,963,983.06
7	8/1/17	198,559.32	4,765,423.74
8	2/1/18	99,279.66	4,666,144.08
9	8/1/18	198,559.32	4,467,584.76
10	2/1/19	99,279.66	4,368,305.10
11	8/1/19	198,559.32	4,169,745.78
12	2/1/20	99,279.66	4,070,466.12
13	8/1/20	198,559.32	3,871,906.80
14	2/1/21	99,279.66	3,772,627.14
15	8/1/21	198,559.32	3,574,067.82
16	2/1/22	99,279.66	3,474,788.16
17	8/1/22	198,559.32	3,276,228.84
18	2/1/23	99,279.66	3,176,949.18
19	8/1/23	198,559.32	2,978,389.86
20	2/1/24	99,279.66	2,879,110.20
21	8/1/24	198,559.32	2,680,550.88
22	2/1/25	99,279.66	2,581,271.22
23	8/1/25	198,559.32	2,382,711.90
24	2/1/26	99,279.66	2,283,432.24
25	8/1/26	198,559.32	2,084,872.92
26	2/1/27	99,279.66	1,985,593.26
27	8/1/27	198,559.32	1,787,033.94
28	2/1/28	99,279.66	1,687,754.28
29	8/1/28	198,559.32	1,489,194.96
30	2/1/29	99,279.66	1,389,915.30
31	8/1/29	198,559.32	1,191,355.98
32	2/1/30	99,279.66	1,092,076.32
33	8/1/30	198,559.32	893,517.00
34	2/1/31	99,279.66	794,237.34
35	8/1/31	198,559.32	595,678.02
36	2/1/32	99,279.66	496,398.36
37	8/1/32	198,559.32	297,839.04
38	2/1/33	99,279.66	198,559.38
39	8/1/33	198,559.38	-0-
		<u>\$ 5,063,262.72</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A TRUST LOAN #S340874-07  
TRUST LOAN OUTSTANDING DECEMBER 31, 2016

Payment Number	Maturity Date	Interest	Principal	Balance of Loan
				\$ 335,000.00
4	02/01/17	\$ 7,475.00		335,000.00
5	08/01/17	7,475.00	\$ 10,000.00	325,000.00
6	02/01/18	7,225.00		325,000.00
7	08/01/18	7,225.00	15,000.00	310,000.00
8	02/01/19	6,850.00		310,000.00
9	08/01/19	6,850.00	15,000.00	295,000.00
10	02/01/20	6,475.00		295,000.00
11	08/01/20	6,475.00	15,000.00	280,000.00
12	02/01/21	6,100.00		280,000.00
13	08/01/21	6,100.00	15,000.00	265,000.00
14	02/01/22	5,725.00		265,000.00
15	08/01/22	5,725.00	15,000.00	250,000.00
16	02/01/23	5,350.00		250,000.00
17	08/01/23	5,350.00	15,000.00	235,000.00
18	02/01/24	4,975.00		235,000.00
19	08/01/24	4,975.00	15,000.00	220,000.00
20	02/01/25	4,600.00		220,000.00
21	08/01/25	4,600.00	20,000.00	200,000.00
22	02/01/26	4,100.00		200,000.00
23	08/01/26	4,100.00	20,000.00	180,000.00
24	02/01/27	3,600.00		180,000.00
25	08/01/27	3,600.00	20,000.00	160,000.00
26	02/01/28	3,200.00		160,000.00
27	08/01/28	3,200.00	20,000.00	140,000.00
28	02/01/29	2,800.00		140,000.00
29	08/01/29	2,800.00	20,000.00	120,000.00
30	02/01/30	2,400.00		120,000.00
31	08/01/30	2,400.00	20,000.00	100,000.00
32	02/01/31	2,000.00		100,000.00
33	08/01/31	2,000.00	25,000.00	75,000.00
34	02/01/32	1,500.00		75,000.00
35	08/01/32	1,500.00	25,000.00	50,000.00
36	02/01/33	1,000.00		50,000.00
37	08/01/33	1,000.00	25,000.00	25,000.00
38	02/01/34	500.00		25,000.00
39	08/01/34	500.00	25,000.00	-0-
		<u>\$ 151,750.00</u>	<u>\$ 335,000.00</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A FUND LOAN #S340874-07  
FUND LOAN OUTSTANDING DECEMBER 31, 2016

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 763,979.20
4	02/01/17	\$ 14,147.76	749,831.44
5	08/01/17	28,295.52	721,535.92
6	02/01/18	14,147.76	707,388.16
7	08/01/18	28,295.52	679,092.64
8	02/01/19	14,147.76	664,944.88
9	08/01/19	28,295.52	636,649.36
10	02/01/20	14,147.76	622,501.60
11	08/01/20	28,295.52	594,206.08
12	02/01/21	14,147.76	580,058.32
13	08/01/21	28,295.52	551,762.80
14	02/01/22	14,147.76	537,615.04
15	08/01/22	28,295.52	509,319.52
16	02/01/23	14,147.76	495,171.76
17	08/01/23	28,295.52	466,876.24
18	02/01/24	14,147.76	452,728.48
19	08/01/24	28,295.52	424,432.96
20	02/01/25	14,147.76	410,285.20
21	08/01/25	28,295.52	381,989.68
22	02/01/26	14,147.76	367,841.92
23	08/01/26	28,295.52	339,546.40
24	02/01/27	14,147.76	325,398.64
25	08/01/27	28,295.52	297,103.12
26	02/01/28	14,147.76	282,955.36
27	08/01/28	28,295.52	254,659.84
28	02/01/29	14,147.76	240,512.08
29	08/01/29	28,295.52	212,216.56
30	02/01/30	14,147.76	198,068.80
31	08/01/30	28,295.52	169,773.28
32	02/01/31	14,147.76	155,625.52
33	08/01/31	28,295.52	127,330.00
34	02/01/32	14,147.76	113,182.24
35	08/01/32	28,295.52	84,886.72
36	02/01/33	14,147.76	70,738.96
37	08/01/33	28,295.52	42,443.44
38	02/01/34	14,147.76	28,295.68
39	08/01/34	28,295.68	-0-
		<u>\$ 763,979.20</u>	

TOWNSHIP OF PHILLIPSURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2015	Balance Dec. 31, 2016
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	\$ 187,590.00	\$ 187,590.00
13-20	10/15/13	Improvements to Sewage Treatment Plant	145,000.00	145,000.00
14-20	10/07/14	Improvements to Town Sewage Treatment Plant	614,074.00	614,074.00
			<u>\$ 946,664.00</u>	<u>\$ 946,664.00</u>

TOWN OF PHILLIPSBURG

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

TOWN OF PHILLIPSBURG  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Name of Federal Agency or Department/Cluster Title	C.F.D.A. Account No.	Name of Program	State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	Provided to Subrecipients
					From	To				
<u>U.S. Department of Housing and Urban Development</u>	14.871	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	N/A N/A	\$ 1,814,560.00 158,569.00	01/01/16 01/01/17	12/31/16 12/31/17	\$ 1,814,560.00 158,569.00	\$ 1,799,356.80	\$ 1,799,356.80	
Total Department of Housing and Urban Development				1,973,129.00			1,973,129.00	1,799,356.80	1,799,356.80	
<u>U.S. Department of the Interior</u>	15.921	Rivers, Trails and Conservation Assistance Program	N/A N/A	2,912.70 3,500.00	01/01/14 01/01/16	12/31/16 12/31/16		2,415.29 3,500.00	2,634.04 3,500.00	
Total Department of the Interior				6,412.70			3,500.00	5,915.29	6,134.04	
<u>U.S. Department of Justice</u>	16.710	Public Safety Partnership and Community Policing Grants - COPS Hiring Program	N/A	104,167.00	09/01/14	08/31/17	41,573.48	37,984.26	83,675.07	
Total Department of Justice				104,167.00			41,573.48	37,984.26	83,675.07	
<u>U.S. Department of Transportation</u> (Passed thru NJ Department of Transportation)	20.205	Highway Planning and Construction Cluster: Transportation Trust Fund Authority Act: Municipal Aid: 2015 - Main St. Phase VI Local Aid Infrastructure Fund: 2013 - Improvements to Washington Street	078-6320-480- AL2-600855 078-6320-480- ALM-600084	274,581.00 450,000.00 724,581.00	01/01/15 01/01/14	12/31/15 12/31/14	205,935.75 337,500.00 543,435.75		274,581.00 450,000.00 724,581.00	
Total Highway Planning and Construction Cluster				724,581.00			543,435.75		724,581.00	
	20.616	Click It or Ticket - 2016 Seatbelt Mobilization	066-1160-100- 155-031000	5,000.00	01/01/16	12/31/16	3,955.04	3,954.29	3,954.29	
Total Department of Transportation				729,581.00			547,390.79	3,954.29	728,535.29	
<u>Environmental Protection Agency</u> (Passed thru NJ Department of Environmental Protection)	66.458	ARRA Clean Water State Revolving Fund: NJEIT Fund Loan	N/A	283,208.00	01/01/15	12/31/16	57,540.00	57,540.00	251,883.00	
Total Department of Environmental Protection				283,208.00			57,540.00	57,540.00	251,883.00	
<u>U.S. Department of Homeland Security</u> (Passed Through NJ Department of Law and Public Safety)	97.036	Disaster Grants - Public Assistance - FEMA: Severe Winter Storm	066-1200-100- B80-068460	54,144.20	01/01/16	12/31/16	54,144.20	54,144.20	54,144.20	
	97.044	Assistance to Firefighters Grant	EMW-2014- FO-03210	447,540.00	07/17/15	07/16/16	447,540.00		447,540.00	
Total U.S. Department of Homeland Security				501,684.20			501,684.20	54,144.20	501,684.20	
Total Federal Awards				\$ 3,598,181.90			\$ 3,124,817.47	\$ 1,958,894.84	\$ 3,371,268.40	\$ -0-

N/A - Not Available/Applicable

TOWN OF PHILLIPSBURG  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund	100-078-6400-YYYY	\$ 11,217.08	01/01/14	12/31/17		\$ 338.00	\$ 10,769.09
	Body Armor Replacement Grant	066-1020-718- 001-090160	8,230.94	01/01/14	12/31/17		3,936.19	4,609.94
			3,615.18	01/01/15	12/31/16		3,615.18	3,615.18
			3,467.35	01/01/16	12/31/17	\$ 3,467.35		
			15,313.47			3,467.35	7,551.37	8,225.12
	Division of State Police - CERT Trailer Equipment & Supply	066-1200-100- 994-2340	1,500.00	01/01/10	12/31/17		998.82	1,348.82
	Pedestrian Safety, Enforcement and Education Fund	N/A	10,000.00	07/01/16	06/30/17		9,601.58	9,601.58
Total Department of Law and Public Safety			38,030.55			3,467.35	18,489.77	29,944.61
<u>N.J. Highlands Council</u>	Plan Conformance Grant - Supplemental	082-2078-100- 033-290220	138,230.00	01/01/09	12/31/17	31,120.50	8,250.00	14,633.89
Total N.J. Highlands Council			356,030.00			31,120.50	8,250.00	228,146.28
<u>Department of Labor and Workforce Development</u>	N.J. Youth Corps - 2014 - ALWY15N	062-4545-xxx- xxx-xxxxxx	529,336.00	07/01/15	06/30/16	256,746.00	260,823.00	521,343.00
	N.J. Youth Corps - 2015 - ALWY15N		540,000.00	07/01/16	06/30/17	265,278.00	210,400.00	210,400.00
Total Department of Labor and Workforce Development			1,069,336.00			522,024.00	471,223.00	731,743.00
<u>Department of Treasury</u>	Governor's Council on							
Passed through the County	Alcoholism and Drug Abuse -	082-2000-100- 044-995120	12,440.00	07/01/15	06/30/16	12,440.00	10,450.00	12,440.00
of Warren	Municipal Alliance		12,440.00	07/01/16	06/30/17		540.00	540.00
Total Department of Treasury			24,880.00			12,440.00	10,990.00	12,980.00

TOWN OF PHILLIPSBURG  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
				From	To			
<u>Department of Environmental Protection</u>								
	NJ Environmental Infrastructure Trust Loan Program:							
	2014A Trust Loan	S340874-05	\$ 1,952,500.00	05/01/14	05/01/17	\$ 207,695.00	\$ 207,695.00	\$ 1,795,091.00
	2014A Fund Loan	S340874-05	5,857,500.00	05/01/14	05/01/17	623,083.00	623,083.00	5,385,275.00
	2015A Trust Loan	S340874-07	372,642.00	05/01/15	05/01/18	75,709.00	75,709.00	331,424.00
	2015A Fund Loan	S340874-07	834,718.00	05/01/15	05/01/18	169,590.00	169,590.00	742,390.00
			<u>9,017,360.00</u>			<u>1,076,077.00</u>	<u>1,076,077.00</u>	<u>8,254,180.00</u>
	Clean Communities Grant	042-4900-765-004-178910	28,446.65	01/01/14	12/31/17			28,285.60
			34,574.28	01/01/15	12/31/16		4,944.79	34,574.28
			39,543.39	01/01/16	12/31/17	39,543.39	27,849.69	27,849.69
			<u>102,564.32</u>			<u>39,543.39</u>	<u>32,794.48</u>	<u>90,709.57</u>
	Recycling Tonnage Grant	042-4900-752001-6020	34,003.21	01/01/09	12/31/16		3,789.96	34,003.21
			23,487.00	01/01/10	12/31/16		23,487.00	23,487.00
			29,353.46	01/01/11	12/31/17		28,232.46	28,232.46
			22,521.00	01/01/12	12/31/17		9,695.26	9,967.26
			29,120.61	01/01/15	12/31/17	29,120.61		
			<u>138,485.28</u>			<u>29,120.61</u>	<u>65,204.68</u>	<u>95,689.93</u>
	Green Communities Grant	042-4870-100-038-110230	<u>3,000.00</u>	01/01/16	12/31/16	<u>3,000.00</u>	<u>3,000.00</u>	<u>3,000.00</u>
Total Department of Environmental Protection			<u>9,261,409.60</u>			<u>1,147,741.00</u>	<u>1,177,076.16</u>	<u>8,443,579.50</u>
Total State Awards			<u>\$ 10,752,814.15</u>			<u>\$ 1,716,792.85</u>	<u>\$ 1,686,028.93</u>	<u>\$ 9,446,548.39</u>

N/A - Not Available

TOWN OF PHILLIPSBURG  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") includes the federal and state grant activity of the Town of Phillipsburg under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Town of Phillipsburg, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Town of Phillipsburg.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Town has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. 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.

E. GREEN ACRES LOANS PAYABLE

At December 31, 2016, the Town has a \$127,462.08 Green Acres Loan Payable outstanding which is recorded in the General Capital Fund.

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

TOWN OF PHILLIPSBURG  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2016  
(Continued)

F. NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2016, the Town has \$3,165,000.00 and \$6,762,065.32 of NJ Environmental Infrastructure Trust and Fund Loans Payable outstanding which are recorded in the Sewer Utility Capital Fund.

Currently, the Town is in the process of repaying the loan balances. At December 31, 2016, the Town has drawn down \$10,843,325 of the \$11,845,169 Loan funds for the completion of the improvements to the sewage treatment plant partially funded with the Loan funds. The project which relates to the 2010 loans was finalized in 2013. The projects which relate to the 2014 and 2015 loans are in progress and are expected to be completed in 2017.



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

Independent Auditors' Report

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

We have audited in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Town of Phillipsburg, in the County of Warren (the "Town") as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 13, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

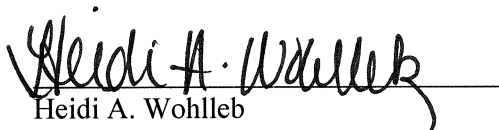
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
June 13, 2017

NISIVOCIA LLP

A handwritten signature in black ink, appearing to read "Heidi A. Wohlleb", is written over a horizontal line.

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



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**Report on Compliance for Each Major Federal and State Program;  
Report on Internal Control Over Compliance**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Town of Phillipsburg's (the "Town's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that that could have a direct and material effect on each of the Town's major federal and state programs for the year ended December 31, 2016. The Town's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on the Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program***

As described in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding eligibility for its Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program award as described in Finding 2016-001. Compliance with such requirements is necessary, in our opinion, for the Town to comply with the requirements applicable to the program.

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

The Town's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Unmodified Opinion on Each Major State Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the identified in the summary of auditor's result section of the accompanying Schedule of Findings and Questioned Costs year ended December 31, 2016.

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

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001 that we consider to be a significant deficiency.

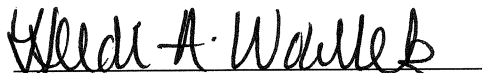
The Town's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey  
June 13, 2017

NISIVOCCIA LLP

A handwritten signature in black ink, appearing to read "Heidi A. Wohlleb", is written over a horizontal line.

Heidi A. Wohlleb

Registered Municipal Accountant No. 481  
Certified Public Accountant

TOWN OF PHILLIPSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Town which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- A significant deficiency in internal control over the major federal program was disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*. No material weaknesses are reported.
- The auditor's report on compliance for the major federal and state programs for the Town expresses a qualified opinion on the Town's compliance for the Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Grant major federal program and an unmodified opinion on its major state program.
- Audit finding 2016-001 which is required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance is reported in this schedule.
- The Town's programs selected as major federal and state programs for the current year consisted of the following federal and state programs:

	<u>CFDA No./ State Account No.</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>		
Lower Income Housing Assistance		
Program - Section 8 Moderate Rehabilitation	14.871	\$ 1,799,356.80
<u>State:</u>		
NJ Environmental Infrastructure Trust Loan Program:		
2014A Trust Loan	S340874-05	207,695.00
2014A Fund Loan	S340874-05	623,083.00
2015A Trust Loan	S340874-07	75,709.00
2015A Fund Loan	S340874-07	169,590.00

- The threshold used for distinguishing between Type A and Type B for both federal and state programs was \$750,000.
- The Township was determined to be a "low-risk" auditee for both federal and state programs.

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

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

TOWN OF PHILLIPSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2016

Findings and Questioned Costs for Federal Awards:

Finding 2016-001: U.S. Department of Urban and Housing Development (“HUD”) – Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program (“Section 8”) – Non Compliance – Eligibility and Significant Deficiency.

<u>Program Title</u>	<u>CFDA No.</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Program Disbursements</u>	<u>Questioned Costs</u>
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.871	1/1/16-12/31/16	\$ 1,814,560	\$ 1,799,357	\$ -0-

Criteria:

The Town must maintain adequate internal control over compliance with respect to the eligibility compliance requirement.

Condition and Context:

The Town does not maintain an adequate segregation of duties with respect to the eligibility determination function. Eligibility determination is performed by the Housing Manager in the Section 8 housing department with no oversight review.

Effect:

There is no oversight review of the eligibility determination process of program participants by the Housing Director.

Cause:

There is a limited number of personnel in the Section 8 housing department to allow for proper oversight review.

Recommendation:

It is recommended that: 2016-001– an adequate segregation of duties be maintained with respect to the eligibility determination function for the Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program.

Management’s Response:

The Town will review duties to determine where a more adequate segregation of duties can be provided over the eligibility determination process.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in New Jersey’s OMB Circular 15-08 or the Uniform Guidance.

TOWN OF PHILLIPSBURG  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016

There were no prior year findings.

TOWN OF PHILLIPSBURG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

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

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

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Sewer Rents

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

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

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

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

DELINQUENT TAX PAYMENTS

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

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

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

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

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

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

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

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

DELINQUENT SEWER PAYMENTS

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

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

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

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

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

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens/Sewer Liens

The last tax sale was held on June 22, 2016, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2016	22
2015	19
2014	24

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2017 Taxes	20
Payments of 2016 Taxes	20
Payments of Sewer Utility Charges	10
Delinquent Taxes	20
Delinquent Sewer Utility Charges	10
Sewer and Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2016 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Receipts	Disbursements	Balance Dec. 31, 2016
State of New Jersey	\$ 9,775.48	\$ 141,016.93	\$ 140,824.36	\$ 9,968.05
County	4,994.00	73,127.31	74,589.81	3,531.50
Municipality	16,055.52	198,497.15	202,596.92	11,955.75
Municipality - POAA	12.00	210.00	198.00	24.00
Conditional Discharge	355.00	1,775.00	2,130.00	
Public Defender	375.00	1,995.00	2,360.00	10.00
Weights and Measures		2,550.00	2,350.00	200.00
Restitution	120.00		120.00	
	<u>\$ 31,687.00</u>	<u>\$ 419,171.39</u>	<u>\$ 425,169.09</u>	<u>\$ 25,689.30</u>

During our review of the Municipal Court records, we noted that there were a number of tickets on the tickets assigned to an officer but not issued report which had been issued over six months ago. The Court Administrator is aware of this and is pursuing collection of these older tickets so that these tickets may be voided or reassigned. As such, a formal recommendation is not deemed necessary.

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Town is currently in compliance with the above accounting requirements.

Lower Income Housing Assistance Program - Section 8 Housing Moderate Rehabilitation

The Town does not maintain an adequate segregation of duties with respect to the eligibility determination function. Eligibility determination is performed by the Housing Manager in the Section 8 housing department with no oversight review. It is recommended that an adequate segregation of duties be maintained with respect to the eligibility determination function for the Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program.

Management's Response:

The Town will review duties to determine where a more adequate segregation of duties can be provided over the eligibility determination process.

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.

Management's Response

The Town has already taken steps to pursue collection of these delinquent balances.

Federal and State Grant Fund

There are certain older grant receivable and appropriated reserve balances in the Federal and State Grant Fund. It is recommended that the older Federal and State Grant Fund grant balances be reviewed for possible cancellation.

Management's Response

Older grant balances will be reviewed for cancellation.

Improvement Authorizations and New Jersey Environmental Infrastructure Trust (NJEIT) Loan Receivable

There are certain older improvement authorization balances in the General Capital Fund and Sewer Capital Fund. Also, of the \$361,201.82 NJEIT Trust Loan Receivable balance outstanding in the Sewer Utility Capital Fund as of December 31, 2016, \$162,574.82 relates to the 2010 NJEIT loan project, which was completed and closed during 2013. The related improvement authorization, ordinance #09-13, has not have any activity since 2013.

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Improvement Authorizations and New Jersey Environmental Infrastructure Trust (NJEIT) Loan Receivable (Cont'd)

It is recommended that the older improvement authorization balances be reviewed for possible cancellation and that the 2010 New Jersey Environmental Infrastructure Trust loan receivable balance and the related improvement authorization balance be cancelled.

Management's Response

Older improvement authorization balances will be reviewed for cancellation. The 2010 NJEIT loan receivable balance and related improvement authorization balance will be cancelled.

Management Suggestions

Outside Departments

The permits issued by the Public Works Department are issued in numerical sequence; however, the permits are not always pre-numbered. During the year, the Town pre-numbered a limited number of permits with a stamp. Consideration be given to the consistent use of pre-numbered permits by the Public Works Department.

PILOT Agreements

The Town does not have copies of the cooperative/PILOT agreements with the Phillipsburg Housing Authority on file. It is suggested that every effort be made to obtain copies of the agreements.

Review of Prior Year Recommendations

There were no recommendations from the 2015 audit.

TOWN OF PHILLIPSBURG  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the eligibility determination function for the Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation Program.
2. Every effort be made to pursue collection of the delinquent Community Development Block Grant Revolving Loan balances.
3. Older Federal and State Grant Fund grant balances be reviewed for possible cancellation.
4. The older improvement authorization balances be reviewed for possible cancellation and that the 2010 New Jersey Environmental Infrastructure Trust loan receivable balance and the related improvement authorization balance be cancelled.

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