

Report of Audit
on the
Financial Statements
of the
Town of Phillipsburg
in the
County of Warren
New Jersey
for the
Year Ended
December 31, 2017

TOWN OF PHILLIPSBURG

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TOWN OF PHILLIPSBURG

PART I

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

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017 AND 2016



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Town of Phillipsburg, as of December 31, 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Town of Phillipsburg as of December 31, 2017, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account group as of December 31, 2017, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Phillipsburg's regulatory financial statements. The supplementary information and data and schedule of expenditures of federal awards as required by the Uniform Guidance are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Prior Period Financial Statements

The financial statements - regulatory basis of the Town of Phillipsburg as of December 31, 2016, and for the year then ended, were audited by other auditors whose report dated June 13, 2017, expressed an adverse opinion as to conformity with accounting principles generally accepted in the United States of America and an except for qualified opinion as to conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2018 on our consideration of the Town of Phillipsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Phillipsburg's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 22, 2018

CURRENT FUND

TOWN OF PHILLIPSBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2017</u> | <u>BALANCE DECEMBER 31, 2016</u> |
|--------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash - Treasurer | A-4 | \$ 11,987,068.40 | \$ 10,401,700.69 |
| Cash - Collector | A-5 | 344,145.20 | 652,328.76 |
| Change Fund (as restated) | A-7 | 1,619.00 | 1,619.00 |
| | | <u>\$ 12,332,832.60</u> | <u>\$ 11,055,648.45</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-9 | \$ 1,083,993.85 | \$ 971,147.26 |
| Tax Title Liens Receivable | A-10 | 207,099.10 | 261,932.22 |
| Property Acquired for Taxes - Assessed Valuation | A-11 | 1,572,600.00 | 1,572,600.00 |
| Municipal Charges Receivable | A-12 | 24,857.50 | 27,562.50 |
| Municipal Lien Charges Receivable | A-13 | 40,625.55 | 14,609.81 |
| Revenue Accounts Receivable | A-16 | 8,463.09 | 11,955.75 |
| Interfunds Receivable | A-15 | 40.53 | 1,306.02 |
| Due From Claims | | 1,050.00 | 372.00 |
| Due From Payroll | | 11.97 | 41.62 |
| | A | <u>\$ 2,938,741.59</u> | <u>\$ 2,861,527.18</u> |
| | A | <u>\$ 15,271,574.19</u> | <u>\$ 13,917,175.63</u> |
| Grant Fund: | | | |
| Due Current Fund | A-32 | \$ 546,214.70 | \$ 448,204.96 |
| Grants Receivable | A-28 | 1,584,087.69 | 1,464,477.83 |
| | A | <u>\$ 2,130,302.39</u> | <u>\$ 1,912,682.79</u> |
| | A | <u>\$ 17,401,876.58</u> | <u>\$ 15,829,858.42</u> |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u> |
|--------------------------------------------------------|-------------|------------------------------------------------------|------------------------------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Appropriations Reserves | A-3:A-17 | \$ 1,191,091.30 | \$ 1,269,201.02 |
| Due State of New Jersey - Senior Citizens and Veterans | A-8 | 44,254.82 | 49,871.94 |
| Prepaid Taxes | A-21 | 591,214.09 | 161,821.45 |
| Accounts Payable | A-14 | 605,833.51 | 322,059.68 |
| Tax Overpayments | A-20 | 495.86 | 46,228.23 |
| Interfunds Payable | A-15 | 1,062,745.13 | 1,004,974.48 |
| Reserve For: | | | |
| Sale of Municipal Assets | A-22 | 2,196,396.19 | 2,442,896.19 |
| Construction Code DCA - Due State of New Jersey | A-19 | 1,784.00 | |
| County Taxes Payable | A-23 | 5,571.26 | 34,659.81 |
| Regional School Taxes Payable | A-24 | 2,130,838.50 | 1,916,530.50 |
| Tax Appeals | A-18 | 576,216.94 | 498,450.18 |
| Dog License Fees Due State of NJ | A-25 | 20.60 | 30.60 |
| Insurance | A-29 | 30,475.00 | |
| Marriage/Civil Union Licenses - Due State of NJ | A-30 | 325.00 | 625.00 |
| Revaluation | A-33 | 14,424.52 | 19,024.52 |
| Library Expenditures | A-34 | 399,161.11 | 379,050.49 |
| Phillipsburg Emergency Squad | A-35 | | 47,898.00 |
| | | <u>\$ 8,850,847.83</u> | <u>\$ 8,193,322.09</u> |
| Reserve for Receivables and Other Assets | A | 2,938,741.59 | 2,861,527.18 |
| Fund Balance (as restated) | A-1 | <u>3,481,984.77</u> | <u>2,862,326.36</u> |
| | A | <u>\$ 15,271,574.19</u> | <u>\$ 13,917,175.63</u> |
| Grant Fund: | | | |
| Reserve for Grants - Unappropriated | A-27 | \$ 19,119.00 | \$ |
| Reserve for Grants - Appropriated | A-26 | 2,071,664.54 | 1,760,956.43 |
| Accounts Payable | A-31 | <u>39,518.85</u> | <u>151,726.36</u> |
| | A | <u>\$ 2,130,302.39</u> | <u>\$ 1,912,682.79</u> |
| | A | <u>\$ 17,401,876.58</u> | <u>\$ 15,829,858.42</u> |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | <u>YEAR ENDED DECEMBER 31, 2017</u> | <u>YEAR ENDED DECEMBER 31, 2016</u> |
|----------------------------------------------|-------------|-----------------------------------------|-----------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | A-1:A-2 | \$ 1,150,000.00 | \$ 900,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 5,923,249.68 | 5,349,423.57 |
| Receipts From Delinquent Taxes | A-2 | 1,069,793.98 | 975,880.15 |
| Receipts From Current Taxes | A-2 | 26,895,335.25 | 26,694,514.04 |
| Non-Budget Revenue | A-2 | 344,994.44 | 579,824.20 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-17 | 768,054.27 | 579,682.25 |
| Accounts Payable Canceled | A-14 | 7,400.00 | 48,159.10 |
| Reserves Canceled | | 339,084.42 | |
| Interfunds Returned | | 617.14 | 421,003.05 |
| Tax Overpayments Canceled | | 0.05 | 0.11 |
| <u>TOTAL REVENUE AND OTHER INCOME</u> | | <u>\$ 36,498,529.23</u> | <u>\$ 35,548,486.47</u> |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations | A-3 | \$ 17,347,661.75 | \$ 16,942,436.71 |
| County Taxes | A-23 | 5,286,884.22 | 5,336,605.27 |
| Regional School District Taxes | A-24 | 11,828,763.00 | 11,400,147.00 |
| Canceled Receivables | | 208,350.01 | |
| Refund of Prior Year Revenue | A-4 | 57,211.84 | 2,750.00 |
| Interfunds Advanced | | | 1,719.64 |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 34,728,870.82</u> | <u>\$ 33,683,658.62</u> |
| Excess to Fund Balance | | \$ 1,769,658.41 | \$ 1,864,827.85 |
| Fund Balance, January 1 (as restated) | A | <u>2,862,326.36</u> | <u>1,897,498.51</u> |
| | | \$ 4,631,984.77 | \$ 3,762,326.36 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1:A-2 | <u>1,150,000.00</u> | <u>900,000.00</u> |
| Fund Balance, December 31 | A | <u>\$ 3,481,984.77</u> | <u>\$ 2,862,326.36</u> |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | | ANTICIPATED | | | |
|---------------------------------------------------------------|---------|-----------------------|----------------------------|------------------|---------------------------|
| | REF. | ANTICIPATED BUDGET | SPECIAL N.J.S. 40A:4-87 | REALIZED | EXCESS OR (DEFICIT) |
| Fund Balance Anticipated | A-1 | \$ 1,150,000.00 | | \$ 1,150,000.00 | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-16 | \$ 32,930.00 | \$ | \$ 33,070.00 | \$ 140.00 |
| Other | A-16 | 8,164.00 | | 7,822.00 | (342.00) |
| Fees and Permits: | | | | | |
| Construction Code Official | A-16 | 226,450.00 | | 265,023.00 | 38,573.00 |
| Other | A-2 | 134,686.00 | | 271,313.25 | 136,627.25 |
| Municipal Court: | | | | | |
| Fines and Costs | A-16 | 202,575.00 | | 163,013.99 | (39,561.01) |
| Interest and Costs on Taxes | A-16 | 190,300.00 | | 229,568.13 | 39,268.13 |
| Interest on Investments and Deposits | A-16 | 39,950.00 | | 72,937.63 | 32,987.63 |
| Consolidated Municipal Property Tax Relief Aid | A-16 | 410,231.00 | | 410,231.00 | |
| Energy Receipts Tax | A-16 | 1,595,170.00 | | 1,595,170.00 | |
| Municipal Alliance Program | A-28 | | 12,440.00 | 12,440.00 | |
| Municipal Alliance Program - BOE Match | A-28 | 2,000.00 | | 2,000.00 | |
| NJ Youth Corps | A-28 | | 540,000.00 | 540,000.00 | |
| Urban Aid - Heckman Street - Phase II | A-28 | | 261,270.00 | 261,270.00 | |
| Bulletproof Vest Partnership Grant | A-28 | | 6,611.91 | 6,611.91 | |
| COPS Hiring Grant - Federal | A-28 | 20,833.00 | | 20,833.00 | |
| COPS Hiring Grant - PSD | A-28 | 49,015.00 | | 49,015.00 | |
| Recycling Tonnage Grant | A-28 | 20,124.00 | | 20,124.00 | |
| Distracted Driving | A-28 | 5,500.00 | | 5,500.00 | |
| Clean Communities Program | A-28 | | 33,594.59 | 33,594.59 | |
| Body Armor Replacement Fund | A-28 | | 3,392.42 | 3,392.42 | |
| Small Cities CDBG - ADA Improvement | A-28 | 290,000.00 | | 290,000.00 | |
| Aqua Road Improvement Donations | A-28 | 246,912.50 | | 246,912.50 | |
| FEMA Generators | A-28 | | 124,500.00 | 124,500.00 | |
| Community Policing Grant | A-28 | | 10,000.00 | 10,000.00 | |
| Elizabethtown Gas Road Improvement | A-28 | | 27,483.75 | 27,483.75 | |
| Payment in Lieu of Taxes - Federal Housing Project | A-16 | 164,750.00 | | 154,392.25 | (10,357.75) |
| Payment in Lieu of Taxes - Sewage Treatment Plant | A-16 | 83,500.00 | | 83,500.00 | |
| Interlocal Agreement - Alpha - Police Services | A-16 | 425,000.00 | | 425,000.00 | |
| Interlocal Agreement - Alpha - Municipal Court | A-16 | 22,064.00 | | 22,064.64 | 0.64 |
| Municipal Swimming Pool Receipts | A-16 | 21,750.00 | | 23,567.62 | 1,817.62 |
| Rental of Town Facilities | A-16 | 60,000.00 | | 50,000.00 | (10,000.00) |
| Fees and Permits - Additional | A-2 | 37,899.00 | | 37,899.00 | |
| Sale of Municipal Assets | A-22 | 250,000.00 | | 250,000.00 | |
| Utility Operating Surplus of Prior Year | A-16 | 175,000.00 | | 175,000.00 | |
| <u>Total Miscellaneous Revenues</u> | A-1 | \$ 4,714,803.50 | \$ 1,019,292.67 | \$ 5,923,249.68 | \$ 189,153.51 |
| Receipts From Delinquent Taxes | A-1 | \$ 950,000.00 | | \$ 1,069,793.98 | \$ 119,793.98 |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes | A-1:A-2 | \$ 11,089,324.65 | | \$ 11,045,333.68 | \$ (43,990.97) |
| <u>BUDGET TOTALS</u> | | \$ 17,904,128.15 | \$ 1,019,292.67 | \$ 19,188,377.34 | \$ 264,956.52 |
| Non-Budget Revenues | A-2 | | | 344,994.44 | 344,994.44 |
| | | \$ 17,904,128.15 | \$ 1,019,292.67 | \$ 19,533,371.78 | \$ 609,950.96 |
| | REF. | A-3 | A-3 | | |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

REF.

ANALYSIS OF REALIZED REVENUE

| | | |
|--------------------------------------------------------|----------|--------------------------------|
| Allocation of Current Tax Collections: | | |
| Collections | A-9 | \$ 27,045,335.25 |
| Less: 2017 Taxes Pending Appeal | A-18 | 150,000.00 |
| | A-1 | <u>\$ 26,895,335.25</u> |
| Allocated To: | | |
| County Taxes | A-9 | 5,286,884.22 |
| Regional School District Taxes | A-9 | 11,828,763.00 |
| | | <u>\$ 17,115,647.22</u> |
| Balance for Support of Municipal Budget Appropriations | | \$ 9,779,688.03 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>1,265,645.65</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u><u>\$ 11,045,333.68</u></u> |
| Other - Fees and Permits: | | |
| Clerk | | \$ 1,850.00 |
| Police | | 3,446.15 |
| Planning | | 3,143.00 |
| Registrar | | 42,015.00 |
| Engineering | | 28,315.50 |
| Abandoned Property Registration Fees | | 190,043.48 |
| Connection Fees | | 3,500.00 |
| Zoning | | 2,475.00 |
| Fire | | 1,590.00 |
| Miscellaneous | | <u>1,390.50</u> |
| | A-16 | \$ 277,768.63 |
| Less: Refunds | A-4 | <u>6,455.38</u> |
| | A-2 | <u><u>\$ 271,313.25</u></u> |
| Additional Fees and Permits: | | |
| Abandoned Property Registration Fees | A-2:A-16 | <u><u>\$ 37,899.00</u></u> |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

REF.

ANALYSIS OF NON-BUDGET REVENUE

| | | | |
|----------------------------------------|---------|----|--------------------------|
| Miscellaneous Revenue Not Anticipated: | | | |
| Parking Authority | | \$ | 24,448.93 |
| Tax Sale | | | 5,246.95 |
| Tax Lien Discharges | | | 10,400.00 |
| Pavilion Rental Fees | | | 1,605.00 |
| FEMA Reimbursements | | | 12,148.46 |
| Public Works Invoices | | | 5,093.38 |
| Gasoline Invoices | | | 32,802.12 |
| Library Fees | | | 630.00 |
| Recycling Revenue Fees | | | 1,248.90 |
| League Hotel Reimbursement | | | 2,796.70 |
| Service Electric Franchise Fee | | | 51,867.00 |
| DMV Inspection Fines | | | 3,100.00 |
| Insurance Reimbursements | | | 37,314.00 |
| Phillipmain PILOT Agreement | | | 8,020.48 |
| Workers Compensation | | | 29,442.60 |
| Miscellaneous | | | 34,591.66 |
| | A-4 | \$ | 260,756.18 |
| Tax Collector | A-5 | | 29,018.60 |
| Municipal Charges Receivable | A-12 | | 55,477.25 |
| Municipal Lien Charges Receivable | A-13 | | 1,576.76 |
| | | | <u>346,828.79</u> |
| Less: Refunds | A-4 | | <u>1,834.35</u> |
| <u>Total Non-Budget Revenue</u> | A-1:A-2 | \$ | <u><u>344,994.44</u></u> |

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

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|-------------------------------------|----------------|------------------------------|--------------------|--------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| GENERAL ADMINISTRATION | | | | | |
| Salaries and Wages | \$ 76,000.00 | \$ 68,700.00 | \$ 57,327.99 | \$ 11,372.01 | \$ |
| Other Expenses | 166,000.00 | 144,000.00 | 115,544.86 | 28,455.14 | |
| HUMAN RESOURCES | | | | | |
| Other Expenses | 15,000.00 | 10,000.00 | | 10,000.00 | |
| MAYOR AND COUNCIL | | | | | |
| Salaries and Wages | 103,500.00 | 103,500.00 | 99,237.67 | 4,262.33 | |
| Other Expenses | 15,000.00 | 15,000.00 | 9,308.40 | 5,691.60 | |
| MUNICIPAL CLERK: | | | | | |
| Salaries and Wages | 159,350.00 | 165,350.00 | 160,743.59 | 4,606.41 | |
| Other Expenses | 56,000.00 | 56,000.00 | 53,846.25 | 2,153.75 | |
| FINANCIAL ADMINISTRATION | | | | | |
| Salaries and Wages | 159,000.00 | 156,000.00 | 143,813.32 | 12,186.68 | |
| Other Expenses | 32,375.00 | 35,375.00 | 32,163.36 | 3,211.64 | |
| Audit | 46,303.00 | 46,303.00 | 43,752.50 | 2,550.50 | |
| REVENUE ADMINISTRATION | | | | | |
| Salaries and Wages | 87,000.00 | 87,000.00 | 81,600.85 | 5,399.15 | |
| Other Expenses | 17,100.00 | 17,100.00 | 11,893.84 | 5,206.16 | |
| TAX ASSESSMENT ADMINISTRATION | | | | | |
| Salaries and Wages | 145,000.00 | 148,300.00 | 145,299.89 | 3,000.11 | |
| Other Expenses | 20,000.00 | 20,000.00 | 15,414.18 | 4,585.82 | |
| LEGAL SERVICES | | | | | |
| Other Expenses | 229,000.00 | 229,000.00 | 208,363.79 | 20,636.21 | |
| ENGINEERING SERVICES | | | | | |
| Other Expenses | 80,000.00 | 80,000.00 | 61,090.00 | 18,910.00 | |
| LAND USE BOARD | | | | | |
| Other Expenses | 3,500.00 | 3,500.00 | 325.45 | 3,174.55 | |
| POLICE DEPARTMENT | | | | | |
| Salaries and Wages | 3,770,000.00 | 3,770,000.00 | 3,523,162.18 | 246,837.82 | |
| Other Expenses | 126,493.00 | 126,493.00 | 118,394.18 | 8,098.82 | |
| EMERGENCY MANAGEMENT | | | | | |
| Salaries and Wages | 9,500.00 | 9,500.00 | 8,703.43 | 796.57 | |
| Other Expenses | 1,200.00 | 1,200.00 | 1,200.00 | | |
| Aid to Volunteer Fire Companies | 24,000.00 | 24,000.00 | 24,000.00 | | |
| FIRE DEPARTMENT | | | | | |
| Salaries and Wages | 13,100.00 | 13,100.00 | 12,582.88 | 517.12 | |
| Other Expenses | 74,800.00 | 94,800.00 | 86,244.42 | 8,555.58 | |
| Supplemental Fire Services | 7,000.00 | 7,000.00 | 7,000.00 | | |
| MUNICIPAL PROSECUTOR | | | | | |
| Salaries and Wages | 37,250.00 | 37,250.00 | 37,000.08 | 249.92 | |
| PUBLIC SERVICES FUNCTIONS | | | | | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 504,000.00 | 504,000.00 | 471,838.64 | 32,161.36 | |
| Other Expenses | 240,000.00 | 240,000.00 | 135,553.88 | 104,446.12 | |
| Other Public Works Functions: | | | | | |
| Salaries and Wages | 36,000.00 | 36,000.00 | 33,187.59 | 2,812.41 | |
| Other Expenses | 12,300.00 | 12,300.00 | 10,568.29 | 1,731.71 | |
| PEOSHA | 23,500.00 | 8,500.00 | 3,536.66 | 4,963.34 | |
| Solid Waste Collection: | | | | | |
| Salaries and Wages | 538,000.00 | 538,000.00 | 484,967.92 | 53,032.08 | |
| Other Expenses | 11,000.00 | 11,000.00 | 7,672.50 | 3,327.50 | |
| Buildings and Grounds: | | | | | |
| Salaries and Wages | 310,000.00 | 310,000.00 | 277,121.01 | 32,878.99 | |
| Other Expenses | 155,000.00 | 175,000.00 | 143,055.55 | 31,944.45 | |
| Vehicle Maintenance: | | | | | |
| Salaries and Wages | 72,000.00 | 72,000.00 | 68,284.92 | 3,715.08 | |
| Other Expenses | 175,000.00 | 195,000.00 | 190,590.84 | 4,409.16 | |
| HEALTH AND HUMAN SERVICES FUNCTIONS | | | | | |
| Animal Control Services: | | | | | |
| Salaries and Wages | 23,000.00 | 23,000.00 | 22,738.18 | 261.82 | |
| Other Expenses | 24,000.00 | 24,000.00 | 16,058.35 | 7,941.65 | |
| Contribution to Social Services: | | | | | |
| Other Expenses | 71,500.00 | 71,500.00 | 63,096.00 | 8,404.00 | |
| PARKS AND RECREATION FUNCTIONS | | | | | |
| Recreation Services and Programs: | | | | | |
| Salaries and Wages | 100,750.00 | 100,750.00 | 80,160.63 | 20,589.37 | |
| Other Expenses | 49,520.00 | 49,520.00 | 42,985.02 | 6,534.98 | |
| Municipal Swimming Pool: | | | | | |
| Salaries and Wages | 55,000.00 | 55,000.00 | 52,385.21 | 2,614.79 | |
| Other Expenses | 30,000.00 | 30,000.00 | 30,000.00 | | |
| Celebration of Public Events: | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 1,565.00 | 8,435.00 | |

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED |
|------------------------------------------------------------------------------------|-------------------------|------------------------------|-------------------------|------------------------|---------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | BALANCE CANCELED |
| UTILITY EXPENSES AND BULK PURCHASING | | | | | |
| Electricity | \$ 150,000.00 | \$ 150,000.00 | \$ 112,932.37 | \$ 37,067.63 | \$ |
| Street Lighting | 150,000.00 | 150,000.00 | 131,180.16 | 18,819.84 | |
| Telephone: | | | | | |
| Other Expenses | 75,000.00 | 75,000.00 | 58,809.31 | 16,190.69 | |
| Water | 170,000.00 | 170,000.00 | 128,336.12 | 41,663.88 | |
| Gas (Natural or Propane) | 35,000.00 | 35,000.00 | 20,528.13 | 14,471.87 | |
| Gasoline | 155,000.00 | 155,000.00 | 145,383.28 | 9,616.72 | |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | |
| Waste Disposal | | | | | |
| Other Expenses | 495,000.00 | 495,000.00 | 443,141.50 | 51,858.50 | |
| MUNICIPAL/COUNTY COURT | | | | | |
| Municipal Court : | | | | | |
| Salaries and Wages | 268,000.00 | 268,000.00 | 241,718.31 | 26,281.69 | |
| Other Expenses | 43,900.00 | 43,900.00 | 37,194.23 | 6,705.77 | |
| Public Defender : | | | | | |
| Salaries and Wages | 10,200.00 | 10,200.00 | 7,442.87 | 2,757.13 | |
| INSURANCE | | | | | |
| Liability Insurance | 288,680.00 | 288,680.00 | 238,647.60 | 50,032.40 | |
| Workers Compensation Insurance | 305,000.00 | 305,000.00 | 303,324.41 | 1,675.59 | |
| Employee Group Insurance | 1,282,200.00 | 1,262,200.00 | 1,228,388.80 | 33,811.20 | |
| Health Benefit Wavier | 41,600.00 | 41,600.00 | | 41,600.00 | |
| CODE ENFORCEMENT AND ADMINISTRATION | | | | | |
| Code Enforcement: | | | | | |
| Salaries and Wages | 409,000.00 | 409,000.00 | 383,431.67 | 25,568.33 | |
| Other Expenses | 41,000.00 | 41,000.00 | 17,395.52 | 23,604.48 | |
| <u>TOTAL OPERATIONS WITHIN "CAPS"</u> | <u>\$ 11,833,621.00</u> | <u>\$ 11,833,621.00</u> | <u>\$ 10,691,233.58</u> | <u>\$ 1,142,387.42</u> | <u>\$</u> |
| <u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u> | <u>\$ 11,833,621.00</u> | <u>\$ 11,833,621.00</u> | <u>\$ 10,691,233.58</u> | <u>\$ 1,142,387.42</u> | <u>\$</u> |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS" | | | | | |
| CONTRIBUTION TO: | | | | | |
| Public Employees' Retirement System | \$ 439,603.93 | \$ 439,603.93 | \$ 439,603.93 | | \$ |
| Social Security System | 300,000.00 | 300,000.00 | 291,772.67 | 8,227.33 | |
| Police and Firemen's Retirement System | 890,356.00 | 890,356.00 | 890,356.00 | | |
| DCRP | 10,255.07 | 10,255.07 | 8,894.39 | 1,360.68 | |
| Unemployment Compensation Insurance | 28,000.00 | 28,000.00 | 25,024.18 | 2,975.82 | |
| <u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u> | <u>\$ 1,668,215.00</u> | <u>\$ 1,668,215.00</u> | <u>\$ 1,655,651.17</u> | <u>\$ 12,563.83</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u> | <u>\$ 13,501,836.00</u> | <u>\$ 13,501,836.00</u> | <u>\$ 12,346,884.75</u> | <u>\$ 1,154,951.25</u> | <u>\$</u> |
| <u>OPERATIONS EXCLUDED FROM "CAPS"</u> | | | | | |
| Maintenance of Free Public Library | \$ 535,500.00 | \$ 535,500.00 | \$ 510,102.01 | \$ 25,397.99 | \$ |
| Recycling Tax | 26,000.00 | 26,000.00 | 15,258.00 | 10,742.00 | |
| <u>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u> | <u>\$ 561,500.00</u> | <u>\$ 561,500.00</u> | <u>\$ 525,360.01</u> | <u>\$ 36,139.99</u> | <u>\$</u> |
| <u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | | | | | |
| Borough of Alpha - Police Services | \$ 425,000.00 | \$ 425,000.00 | \$ 424,999.96 | \$ 0.04 | \$ |
| Borough of Alpha - Municipal Court | 22,065.00 | 22,065.00 | 22,064.98 | 0.02 | |
| <u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | <u>\$ 447,065.00</u> | <u>\$ 447,065.00</u> | <u>\$ 447,064.94</u> | <u>\$ 0.06</u> | <u>\$</u> |
| <u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u> | | | | | |
| Private Contributions: | | | | | |
| Municipal Alliance - School Board | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | | \$ |
| 2015 Cops Hiring Program (PSD Matching) | 49,015.00 | 49,015.00 | 49,015.00 | | |
| Aqua NJ - Various Road Improvements | 246,912.50 | 246,912.50 | 246,912.50 | | |
| Etown Gas - Various Road Improvements (40A:4-87 + 27,483.75) | | 27,483.75 | 27,483.75 | | |
| Federal and State Grants: | | | | | |
| Recycling Tonnage Grant | 20,124.00 | 20,124.00 | 20,124.00 | | |
| Clean Communities Program (40A:4-87 + 33,594.59) | | 33,594.59 | 33,594.59 | | |

TOWN OF PHILLIPSBURG

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED |
|-------------------------------------------------------------------------------------|-------------------------|------------------------------|-------------------------|------------------------|----------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | BALANCE CANCELED |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (CONTINUED) | | | | | |
| Municipal Alliance of Alcoholism and Drug Abuse: | | | | | |
| State (40A:4-87 + 12,440.00) | \$ | \$ 12,440.00 | \$ 12,440.00 | \$ | \$ |
| Local | 3,732.00 | 3,732.00 | 3,732.00 | | |
| Distracted Driving Crackdown Grant | 5,500.00 | 5,500.00 | 5,500.00 | | |
| Department of Community Affairs: | | | | | |
| Small Cities CDBG 2017- Ada Improvement Project | 290,000.00 | 290,000.00 | 290,000.00 | | |
| Small Cities CDBG 2017- Match | 14,500.00 | 14,500.00 | 14,500.00 | | |
| Department of Human Services: | | | | | |
| New Jersey Youth Corps Grant (40A:4-87 + 540,000.00) | | 540,000.00 | 540,000.00 | | |
| Body Armor Grant (40A:4-87 + 3,392.42) | | 3,392.42 | 3,392.42 | | |
| 2015 Cops Hiring Program (Federal) | 20,833.00 | 20,833.00 | 20,833.00 | | |
| 2015 Cops Hiring Program (Town Matching) | 49,015.00 | 49,015.00 | 49,015.00 | | |
| Bulletproof Vest Partnership Grant (40A:4-87 + 6,611.91) | | 6,611.91 | 6,611.91 | | |
| Community Policing Grant (40A:4-87 + 10,000.00) | | 10,000.00 | 10,000.00 | | |
| FEMA - Generators (40A:4-87 + 124,500.00) | | 124,500.00 | 124,500.00 | | |
| NJDOT-2017 Urban Aid-Heckman St Phase III (40A:4-87 + 261,270.00) | | 261,270.00 | 261,270.00 | | |
| <u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u> | <u>\$ 701,631.50</u> | <u>\$ 1,720,924.17</u> | <u>\$ 1,720,924.17</u> | <u>\$</u> | <u>\$</u> |
| <u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u> | <u>\$ 1,710,196.50</u> | <u>\$ 2,729,489.17</u> | <u>\$ 2,693,349.12</u> | <u>\$ 36,140.05</u> | <u>\$</u> |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | \$ 275,000.00 | \$ 275,000.00 | \$ 275,000.00 | \$ | \$ |
| <u>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u> | <u>\$ 275,000.00</u> | <u>\$ 275,000.00</u> | <u>\$ 275,000.00</u> | <u>\$</u> | <u>\$</u> |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Anticipation Notes | \$ 1,011,400.00 | \$ 1,011,400.00 | \$ 701,336.00 | \$ | \$ 310,064.00 |
| Interest on Notes | 68,000.00 | 68,000.00 | 68,000.00 | | |
| Green Trust Loan Program: | | | | | |
| Loan Repayments for Principal and Interest | 15,550.00 | 15,550.00 | 15,545.80 | | 4.20 |
| Capital Lease Obligation | 56,500.00 | 56,500.00 | 56,454.78 | | 45.22 |
| <u>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u> | <u>\$ 1,151,450.00</u> | <u>\$ 1,151,450.00</u> | <u>\$ 841,336.58</u> | <u>\$</u> | <u>\$ 310,113.42</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u> | <u>\$ 3,136,646.50</u> | <u>\$ 4,155,939.17</u> | <u>\$ 3,809,685.70</u> | <u>\$ 36,140.05</u> | <u>\$ 310,113.42</u> |
| <u>SUBTOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 16,638,482.50</u> | <u>\$ 17,657,775.17</u> | <u>\$ 16,156,570.45</u> | <u>\$ 1,191,091.30</u> | <u>\$ 310,113.42</u> |
| <u>RESERVE FOR UNCOLLECTED TAXES</u> | <u>\$ 1,265,645.65</u> | <u>\$ 1,265,645.65</u> | <u>\$ 1,265,645.65</u> | <u>\$</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 17,904,128.15</u> | <u>\$ 18,923,420.82</u> | <u>\$ 17,422,216.10</u> | <u>\$ 1,191,091.30</u> | <u>\$ 310,113.42</u> |
| | REF. | A-2:A-3 | A-3 | A-1:A-3 | A:A-1 |
| Budget | A-3 | | \$ 17,904,128.15 | | |
| Appropriation by 40A:4-87 | A-2 | | <u>1,019,292.67</u> | | |
| | A-3 | | <u>\$ 18,923,420.82</u> | | |
| Reserve for Accounts Payable | A-14 | | | \$ 328,084.02 | |
| Reserve for Grants Appropriated | A-26 | | | 1,720,924.17 | |
| Reserve for Uncollected Taxes | A-2 | | | 1,265,645.65 | |
| Disbursements (net of refunds) | A-4 | | | <u>14,107,562.26</u> | |
| | A-3 | | <u>\$ 17,422,216.10</u> | | |

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

TRUST FUND

"B"

TOWN OF PHILLIPSBURG

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>A S S E T S</u> | <u>REF.</u> | BALANCE DECEMBER 31, 2017 | BALANCE DECEMBER 31, 2016 |
|---------------------------------------------------|-------------|---------------------------------|---------------------------------|
| Animal Control Fund: | | | |
| Cash | B-1 | \$ 8,764.59 | \$ 2,801.23 |
| Due Current Fund | B-2 | | 154.40 |
| | | <u>\$ 8,764.59</u> | <u>\$ 2,955.63</u> |
| Other Funds: | | | |
| Cash | B-1 | \$ 1,269,384.83 | \$ 1,344,287.86 |
| Due Current Fund (as restated) | B-3 | 516,530.43 | 556,615.12 |
| Accounts Receivable - Revolving Loans | B-4 | 361,654.87 | 395,360.66 |
| | | <u>\$ 2,147,570.13</u> | <u>\$ 2,296,263.64</u> |
| | | <u>\$ 2,156,334.72</u> | <u>\$ 2,299,219.27</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Due Current Fund | B-2 | \$ 40.53 | \$ |
| Reserve For Expenditures | B-9 | 7,971.81 | 2,203.38 |
| Reserve For Dog Park | B-10 | 752.25 | 752.25 |
| | | <u>\$ 8,764.59</u> | <u>\$ 2,955.63</u> |
| Other Funds: | | | |
| Accounts Payable | B-7 | \$ 3,731.78 | \$ |
| Reserve for Community Development Revolving Loans | B-5 | 729,470.20 | 746,268.72 |
| Reserve for Federal Housing Assistance Program | B-6 | 136,933.99 | 97,042.76 |
| Reserve for Various Trust Deposits (as restated) | B-8 | 1,277,434.16 | 1,294,383.16 |
| Deferred Revenue - Housing Assistance Program | B-11 | | 158,569.00 |
| | | <u>\$ 2,147,570.13</u> | <u>\$ 2,296,263.64</u> |
| | | <u>\$ 2,156,334.72</u> | <u>\$ 2,299,219.27</u> |

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

GENERAL CAPITAL FUND

"C"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2017</u> | <u>BALANCE DECEMBER 31, 2016</u> |
|-----------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash | C-2:C-3 | \$ 2,623,791.01 | \$ 1,776,558.80 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 6,216,400.54 | 127,462.08 |
| Unfunded | C-6 | 295,930.00 | 5,568,436.00 |
| | | <u>\$ 9,136,121.55</u> | <u>\$ 7,472,456.88</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | C-8 | \$ 6,102,000.00 | \$ |
| Bond Anticipation Notes | C-10 | -0- | 4,284,900.00 |
| Green Acres Loans Payable | C-11 | 114,400.54 | 127,462.08 |
| Due Current Fund | C-13 | | 556.02 |
| Capital Improvement Fund | C-7 | 228,796.84 | 54,366.84 |
| Improvement Authorizations: | | | |
| Funded (as restated) | C-9 | 1,408,758.91 | 155,381.74 |
| Unfunded (as restated) | C-6:C-9 | 282,729.10 | 1,902,356.44 |
| Reserve for: | | | |
| Capital Projects | C-4 | 36,780.16 | 36,780.16 |
| Contracts Payable | C-12 | 765,090.78 | 886,214.35 |
| Fund Balance | C-1 | 197,565.22 | 24,439.25 |
| | | <u>\$ 9,136,121.55</u> | <u>\$ 7,472,456.88</u> |

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

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | | |
|-----------------------------------|-------------|----|--------------------------|
| Balance, December 31, 2016 | C | \$ | 24,439.25 |
| Increased by: | | | |
| Premium on Bonds and Notes | C-2 | \$ | 143,940.51 |
| Fully Funded Ordinances Cancelled | C-9 | | <u>29,185.46</u> |
| | | | <u>173,125.97</u> |
| Balance, December 31, 2017 | C | \$ | <u><u>197,565.22</u></u> |

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

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SEWER UTILITY FUND

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>A S S E T S</u> | <u>REF.</u> | BALANCE DECEMBER 31, 2017 | BALANCE DECEMBER 31, 2016 |
|------------------------------------------|-------------|---------------------------------|---------------------------------|
| OPERATING FUND: | | | |
| Cash - Treasurer | D-5 | \$ 2,713,573.15 | \$ 2,320,339.25 |
| Cash - Collector | D-6 | 22,664.05 | 62,620.22 |
| Change Fund | D-8 | 500.00 | 500.00 |
| Interfund Accounts Receivable | D-9 | | 982.74 |
| | | <u>\$ 2,736,737.20</u> | <u>\$ 2,384,442.21</u> |
| Receivables with Full Reserves: | | | |
| Sewer Charges Receivable | D-11 | \$ 131,610.61 | \$ 122,165.24 |
| Sewer Utility Liens | D-10 | <u>4,058.88</u> | <u>3,644.61</u> |
| | D | <u>\$ 135,669.49</u> | <u>\$ 125,809.85</u> |
| <u>TOTAL OPERATING FUND</u> | D | <u>\$ 2,872,406.69</u> | <u>\$ 2,510,252.06</u> |
| CAPITAL FUND - REGULAR: | | | |
| Cash | D-5 | \$ 3,490,186.34 | \$ 3,616,320.47 |
| EIT Loan Receivable - Trust | D-27 | 117,015.00 | 361,201.82 |
| EIT Loan Receivable - Fund | D-28 | 351,039.00 | 595,878.00 |
| Interfunds Receivable | D-29 | 150,000.00 | |
| Fixed Capital | D-17 | 28,185,039.88 | 28,093,337.09 |
| Fixed Capital Authorized and Uncompleted | D-16 | <u>17,593,686.31</u> | <u>18,505,800.00</u> |
| <u>TOTAL CAPITAL FUND</u> | D | <u>\$ 49,886,966.53</u> | <u>\$ 51,172,537.38</u> |
| | D | <u>\$ 52,759,373.22</u> | <u>\$ 53,682,789.44</u> |

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

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2017 | BALANCE DECEMBER 31, 2016 |
|-----------------------------------------------|-------------|---------------------------------|---------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| OPERATING FUND: | | | |
| Liabilities: | | | |
| Interfunds Payable | D-9 | \$ 150,000.00 | \$ 750.00 |
| Appropriation Reserves | D-4;D-15 | 287,665.10 | 462,223.28 |
| Accounts Payable | D-14 | 387,525.38 | 98,115.39 |
| Sewer Overpayments | D-12 | 5,827.21 | 5,827.21 |
| Accrued Interest on Loans | D-13 | 49,270.83 | 52,291.67 |
| | | <u>\$ 880,288.52</u> | <u>\$ 619,207.55</u> |
| Reserve for Receivables | D | 135,669.49 | 125,809.85 |
| Fund Balance | D-1 | <u>1,856,448.68</u> | <u>1,765,234.66</u> |
| <u>TOTAL OPERATING FUND</u> | D | <u>\$ 2,872,406.69</u> | <u>\$ 2,510,252.06</u> |
| CAPITAL FUND - REGULAR: | | | |
| Liabilities: | | | |
| EIT Loan Payable - Trust | D-22 | \$ 3,020,000.00 | \$ 3,165,000.00 |
| EIT Loan Payable - Fund | D-23 | 6,349,873.57 | 6,762,065.32 |
| Interfunds Payable | D-29 | | 982.74 |
| Improvement Authorizations: | | | |
| Funded | D-21 | 742,292.63 | 1,490,684.41 |
| Unfunded | D-21 | 759,074.00 | 946,664.00 |
| Contracts Payable | D-20 | 48,295.40 | 384,326.91 |
| Capital Improvement Fund | D-24 | 2,724,180.53 | 2,374,383.32 |
| Reserve for NJEIT Loan Receivable | D-26 | | 103,730.82 |
| Reserve for Sewer Improvements | D-25 | 34,952.00 | 34,952.00 |
| Reserve for Amortization | D-19 | 30,839,812.31 | 30,190,917.77 |
| Deferred Reserve for Amortization | D-18 | 4,809,966.31 | 5,534,490.00 |
| | | <u>\$ 49,328,446.75</u> | <u>\$ 50,988,197.29</u> |
| Fund Balance | D-2 | <u>558,519.78</u> | <u>184,340.09</u> |
| <u>TOTAL CAPITAL FUND</u> | D | <u>\$ 49,886,966.53</u> | <u>\$ 51,172,537.38</u> |
| | D | <u>\$ 52,759,373.22</u> | <u>\$ 53,682,789.44</u> |

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

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2017</u> | <u>BALANCE DECEMBER 31, 2016</u> |
|----------------------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance | D-1:D-3 | \$ 423,000.00 | \$ 397,500.00 |
| Sewer Use Charges | D-3 | 3,767,493.71 | 3,677,538.56 |
| Miscellaneous Revenue Not Anticipated | D-3 | 216,357.11 | 230,254.06 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-15 | 361,920.50 | 495,211.95 |
| Accounts Payable Canceled | | | 7.00 |
| | | <u> </u> | <u> </u> |
| <u>TOTAL INCOME</u> | | <u>\$ 4,768,771.32</u> | <u>\$ 4,800,511.57</u> |
| <u>EXPENDITURES</u> | | | |
| Operating | D-4 | \$ 3,203,000.00 | \$ 3,122,000.00 |
| Capital Improvements | D-4 | 150,000.00 | 250,000.00 |
| Debt Service | D-4 | 696,557.30 | 715,025.01 |
| Deferred Charges and Statutory Expenditures | D-4 | 30,000.00 | 28,000.00 |
| Refund of Prior Year Revenue | | | 9,792.00 |
| Canceled Receivables | | | 0.01 |
| | | <u> </u> | <u> </u> |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 4,079,557.30</u> | <u>\$ 4,124,817.02</u> |
| Excess to Revenue | | \$ 689,214.02 | \$ 675,694.55 |
| Balance, January 1 | D | <u>1,765,234.66</u> | <u>1,762,040.11</u> |
| | | <u>\$ 2,454,448.68</u> | <u>\$ 2,437,734.66</u> |
| Decreased by: | | | |
| Utilization by Sewer Operating Budget | D-1 | 423,000.00 | 397,500.00 |
| Prior Year Fund Balance Anticipated as Current Fund Revenue | D-5 | <u>175,000.00</u> | <u>275,000.00</u> |
| Fund Balance, December 31 | D | <u>\$ 1,856,448.68</u> | <u>\$ 1,765,234.66</u> |

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

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2016 | D | \$ 184,340.09 |
| Increased by: | | |
| Canceled Ordinance | D-18 | 433,023.69 |
| | | <u>\$ 617,363.78</u> |
| Decreased by: | | |
| Canceled Receivable | D-27 | 58,844.00 |
| | | <u>58,844.00</u> |
| Balance, December 31, 2017 | D | <u>\$ 558,519.78</u> |

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

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | <u>REF.</u> | <u>ANTICIPATED</u> | <u>REALIZED</u> | <u>EXCESS OR (DEFICIT)</u> |
|----------------------|-------------|------------------------|------------------------|------------------------------------|
| Fund Balance | D-1 | \$ 423,000.00 | \$ 423,000.00 | \$ |
| Sewer Use Charges | D-3 | <u>3,677,000.00</u> | <u>3,767,493.71</u> | <u>90,493.71</u> |
| <u>BUDGET TOTALS</u> | | \$ 4,100,000.00 | \$ 4,190,493.71 | \$ 90,493.71 |
| Non - Budget Revenue | D-3 | | <u>216,357.11</u> | <u>216,357.11</u> |
| | | <u>\$ 4,100,000.00</u> | <u>\$ 4,406,850.82</u> | <u>\$ 306,850.82</u> |

ANALYSIS OF SEWER USE CHARGES:

| | | | |
|--------------------------------------|---------|------------------------|--|
| Miscellaneous: | | | |
| Interest on Sewer Charges | D-6 | \$ 1,543,016.51 | |
| Interest on Investments and Deposits | D-6 | 1,764.64 | |
| Miscellaneous | D-5 | <u>2,222,712.56</u> | |
| | D-1:D-3 | <u>\$ 3,767,493.71</u> | |

ANALYSIS OF NON-BUDGET REVENUE:

| | | | |
|--------------------------------------------------|---------|----------------------|--|
| Miscellaneous: | | | |
| Interest on Sewer Charges | D-6 | \$ 12,465.24 | |
| Interest on Investments and Deposits - Collector | D-6 | 4,503.77 | |
| Interest on Investments and Deposits - Treasurer | | \$ 21,295.18 | |
| Septic Billing | | 175,479.95 | |
| Miscellaneous | | <u>2,612.97</u> | |
| | D-5 | <u>199,388.10</u> | |
| | D-1:D-3 | <u>\$ 216,357.11</u> | |

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

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2017

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | <u>CANCELED</u> |
|-------------------------------------|------------------------|--------------------------------------|----------------------------|----------------------|---------------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | |
| OPERATING: | | | | | |
| Salaries and Wages | \$ 338,500.00 | \$ 338,500.00 | \$ 321,156.85 | \$ 17,343.15 | \$ |
| Other Expenses | <u>2,864,500.00</u> | <u>2,864,500.00</u> | <u>2,597,041.52</u> | <u>267,458.48</u> | |
| <u>TOTAL OPERATING</u> | <u>\$ 3,203,000.00</u> | <u>\$ 3,203,000.00</u> | <u>\$ 2,918,198.37</u> | <u>\$ 284,801.63</u> | \$ |
| CAPITAL IMPROVEMENTS: | | | | | |
| Capital Improvement Fund | \$ 150,000.00 | \$ 150,000.00 | \$ 150,000.00 | \$ | \$ |
| <u>TOTAL CAPITAL IMPROVEMENTS</u> | <u>\$ 150,000.00</u> | <u>\$ 150,000.00</u> | <u>\$ 150,000.00</u> | \$ | \$ |
| DEBT SERVICE: | | | | | |
| NJEITF Principal & Interest | \$ 717,000.00 | \$ 717,000.00 | \$ 696,557.30 | \$ | \$ 20,442.70 |
| <u>TOTAL DEBT SERVICE</u> | <u>\$ 717,000.00</u> | <u>\$ 717,000.00</u> | <u>\$ 696,557.30</u> | \$ | <u>\$ 20,442.70</u> |
| STATUTORY EXPENDITURES: | | | | | |
| Statutory Expenditures: | | | | | |
| Social Security | \$ 27,000.00 | \$ 27,000.00 | \$ 25,828.81 | \$ 1,171.19 | \$ |
| Unemployment Compensation Insurance | <u>3,000.00</u> | <u>3,000.00</u> | <u>1,307.72</u> | <u>1,692.28</u> | |
| <u>TOTAL STATUTORY EXPENDITURES</u> | <u>\$ 30,000.00</u> | <u>\$ 30,000.00</u> | <u>\$ 27,136.53</u> | <u>\$ 2,863.47</u> | \$ |
| | <u>\$ 4,100,000.00</u> | <u>\$ 4,100,000.00</u> | <u>\$ 3,791,892.20</u> | <u>\$ 287,665.10</u> | <u>\$ 20,442.70</u> |
| <u>REF.</u> | | | D-1 | D:D-1 | |
| Disbursements | D-5 | | \$ 3,299,309.52 | | |
| Accrued Interest on Loans | D-13 | | 105,057.30 | | |
| Accounts Payable | D-14 | | <u>387,525.38</u> | | |
| | | | <u>\$ 3,791,892.20</u> | | |

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

"E"

TOWN OF PHILLIPSBURG

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2017</u> | BALANCE DECEMBER <u>31, 2016</u> |
|---------------------------------------------------|----------------------------------------|----------------------------------------|
| FIXED ASSETS | | |
| Land | \$ 11,117,900.00 | \$ 11,010,800.00 |
| Buildings | 14,684,700.00 | 14,877,700.00 |
| Machinery and Equipment | <u>7,785,032.01</u> | <u>8,878,398.95</u> |
| <u>TOTAL FIXED ASSETS</u> | <u>\$ 33,587,632.01</u> | <u>\$ 34,766,898.95</u> |
| RESERVE | | |
| Investments in General Fixed Assets (as restated) | <u>\$ 33,587,632.01</u> | <u>\$ 34,766,898.95</u> |

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF PHILLIPSBURG

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Except as noted below, the financial statements of the Town of Phillipsburg include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Phillipsburg, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Town of Phillipsburg do not include the operations of the municipal library, first aid organization, volunteer fire companies, or the school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - Receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Town's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

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

D. Basic Financial Statements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Restatement/Reclassifications of Prior Balances

Certain accounts have been restated in the prior year to conform to categories established in the current fiscal year. None of these restated accounts were material to the financial statements taken as a whole.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

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

The Town of Phillipsburg had the following cash and cash equivalents at December 31, 2017:

| | <u>Change Fund</u> | <u>Cash in Bank</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reconciled Balance</u> |
|----------------------|-------------------------------|--------------------------------|-------------------------|-------------------------|--------------------------------------|
| Cuurent Fund | \$1,619.00 | \$15,812,151.10 | \$413,098.07 | \$3,894,035.57 | \$12,331,213.60 |
| Animal Contol Fund | | 8,764.59 | | | 8,764.59 |
| Trust Other Fund | | 1,273,667.76 | | 4,282.93 | 1,269,384.83 |
| General Capital Fund | | 2,625,541.33 | | 1,750.32 | 2,623,791.01 |
| Sewer Operating Fund | | 2,734,010.32 | 2,226.88 | | 2,736,237.20 |
| Sewer Capital Fund | | 3,492,413.22 | | 2,226.88 | 3,490,186.34 |
| | <u>\$1,619.00</u> | <u>\$25,946,548.32</u> | <u>\$415,324.95</u> | <u>\$3,902,295.70</u> | <u>\$22,459,577.57</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Town does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000 was covered by Federal Depository Insurance and \$25,696,548.32 was covered by NJ GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Town is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

8. Agreements for the repurchase of fully collateralized securities if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

NOTE 3: LONG-TERM DEBT

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

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.879%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|-------------------------|-------------------------|------------------------|
| Regional School District Debt | \$ 7,975,000.00 | \$ 7,975,000.00 | \$ |
| Sewer Utility Debt | 10,316,537.57 | 10,316,537.57 | |
| General Debt | <u>6,512,330.54</u> | | <u>6,512,330.54</u> |
| | <u>\$ 24,803,868.11</u> | <u>\$ 18,291,537.57</u> | <u>\$ 6,512,330.54</u> |

Net debt of \$6,512,330.54 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of \$740,592,093.67 equals 0.879%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

| | <u>YEAR 2017</u> | <u>YEAR 2016</u> | <u>YEAR 2015</u> |
|-------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Issued: | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 6,216,400.54 | \$ 4,412,362.08 | \$ 4,557,311.26 |
| Sewer Utility: | | | |
| Bonds, Notes and Loans | <u>9,369,873.57</u> | <u>9,927,065.32</u> | <u>10,479,257.07</u> |
| Net Debt Issued | <u>\$ 15,586,274.11</u> | <u>\$ 14,339,427.40</u> | <u>\$ 15,036,568.33</u> |
| Authorized But Not Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 295,930.00 | \$ 1,283,536.00 | \$ 5,489,160.01 |
| Sewer Utility: | | | |
| Bonds and Notes | <u>759,074.00</u> | <u>946,664.00</u> | <u>946,664.00</u> |
| Total Authorized But Not Issued | <u>\$ 1,055,004.00</u> | <u>\$ 2,230,200.00</u> | <u>\$ 6,435,824.01</u> |
| Less: | | | |
| Redevelopment and Housing per N.J.S.A. 40A:12A-67d | <u></u> | <u></u> | <u>105,839.99</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 16,641,278.11</u> | <u>\$ 16,569,627.40</u> | <u>\$ 21,366,552.35</u> |

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

| | |
|------------------------------------------------|--------------------------|
| Equalized Valuation Basis* - December 31, 2017 | <u>\$ 740,592,093.67</u> |
| 3-1/2 of Equalized Valuation Basis (Municipal) | \$ 25,920,723.28 |
| Net Debt | <u>6,512,330.54</u> |
| Remaining Borrowing Power | <u>\$ 19,408,392.74</u> |

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

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

| | | |
|--------------------------------------------------------------------------|-------------------|----------------------|
| Revenue from Fees, Rents, and Other Charges for Year and Fund Balance | | \$ 4,345,309.08 |
| Deductions: | | |
| Operating and Maintenance Cost | \$ 3,233,000.00 | |
| Debt Service | <u>696,557.30</u> | |
| Total Deductions | | <u>3,929,557.30</u> |
| Excess in Revenue - Self Liquidating | | \$ <u>415,751.78</u> |

Long-Term Debt Obligations:

General Serial Bonds:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| \$6,102,000.00 General Obligation Bonds of 2017 due in annual installments of \$500,000.00 to \$622,000.00 through 2028 at a variable interest rate | <u>\$6,102,000.00</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|

Green Acres Loans:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| \$250,000.00 Delaware Heights Park Project of 2005 due in semi-annual installment of \$5,272.90 to \$7,695.94 through 2025 at an interest rate of 2.00% | <u>\$114,400.54</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|

Sewer Utility Capital:

New Jersey Environmental Infrastructure Loans:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| \$1,385,000.00 2010 Trust Loan Agreement of 2010 due in Annual installments of \$50,000.00 to \$100,000.00 through 2029 at a variable interest rate | \$1,000,000.00 |
| \$1,414,220.00 2010 Fund Loan Agreement of 2010 due in semi-annual installments of \$23,969.83 to \$47,939.66 through 2029 | 862,913.91 |
| \$1,905,000.00 2014 Trust Loan Agreement of 2014 due in annual installments of \$70,000.00 to \$135,000.00 through 2033 at a variable interest rate | 1,695,000.00 |
| \$5,595,324.00 2014 Fund Loan Agreement of 2014 due in semi-annual installments of \$99,279.66 to \$198,559.32 through 2033 | 4,765,423.74 |

NOTE 3: LONG-TERM DEBT (CONTINUED)

Long-Term Debt Obligations (Continued):

New Jersey Environmental Infrastructure Loans (Continued):

\$345,000.00 2015 Trust Loan Agreement of 2015 due in annual installments of \$10,000.00 to \$25,000.00 through 2034 at a variable interest rate \$325,000.00

\$1,117,926.00 2015 Fund Loan Agreement of 2015 due in semi-annual installments of \$18,947.89 to \$37,895.79 through 2034 721,535.92

\$9,369,873.57

Bonds and Notes Authorized But Not Issued:

There is \$295,930.00 General Capital and \$759,074.00 Sewer Capital Bonds and Notes Authorized but not Issued at December 31, 2017.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AT DECEMBER 31, 2017

| <u>YEAR</u> | <u>GENERAL</u> | |
|-------------|-----------------------|---------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> |
| 2018 | \$500,000.00 | \$164,399.26 |
| 2019 | 505,000.00 | 156,051.26 |
| 2020 | 515,000.00 | 135,851.26 |
| 2021 | 525,000.00 | 115,251.26 |
| 2022 | 540,000.00 | 94,251.26 |
| 2023 | 550,000.00 | 72,651.26 |
| 2024 | 565,000.00 | 61,651.26 |
| 2025 | 580,000.00 | 50,351.26 |
| 2026 | 595,000.00 | 38,751.26 |
| 2027 | 605,000.00 | 26,851.26 |
| 2028 | 622,000.00 | 13,995.00 |
| | <u>\$6,102,000.00</u> | <u>\$930,055.60</u> |

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF GREEN TRUST LOANS
ISSUED AND OUTSTANDING AT DECEMBER 31, 2017

Delaware Heights Park Loan:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2018 | \$13,324.07 | \$2,221.73 | \$15,545.80 |
| 2019 | 13,591.89 | 1,953.90 | 15,545.79 |
| 2020 | 13,865.09 | 1,680.72 | 15,545.81 |
| 2021 | 14,143.77 | 1,402.02 | 15,545.79 |
| 2022 | 14,428.07 | 1,117.74 | 15,545.81 |
| 2023 | 14,718.07 | 827.73 | 15,545.80 |
| 2024 | 15,013.90 | 531.90 | 15,545.80 |
| 2025 | 15,315.68 | 230.12 | 15,545.80 |
| | <u>\$114,400.54</u> | <u>\$9,965.86</u> | <u>\$124,366.40</u> |

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS
ISSUED AND OUTSTANDING AT DECEMBER 31, 2017

| <u>2010A Loan Payment Date</u> | <u>Fund Loan Principal</u> | <u>Trust Loan Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|--------------------------------|---------------------------------|---------------------|-----------------------|
| 2/1/18 | \$23,969.83 | | \$20,075.00 | \$20,075.00 |
| 8/1/18 | 47,939.66 | \$65,000.00 | 20,075.00 | 85,075.00 |
| 2/1/19 | 23,969.83 | | 18,450.00 | 18,450.00 |
| 8/1/19 | 47,939.66 | 70,000.00 | 18,450.00 | 88,450.00 |
| 2/1/20 | 23,969.83 | | 17,050.00 | 17,050.00 |
| 8/1/20 | 47,939.66 | 70,000.00 | 17,050.00 | 87,050.00 |
| 2/1/21 | 23,969.83 | | 15,300.00 | 15,300.00 |
| 8/1/21 | 47,939.66 | 75,000.00 | 15,300.00 | 90,300.00 |
| 2/1/22 | 23,969.83 | | 14,175.00 | 14,175.00 |
| 8/1/22 | 47,939.66 | 80,000.00 | 14,175.00 | 94,175.00 |
| 2/1/23 | 23,969.83 | | 12,575.00 | 12,575.00 |
| 8/1/23 | 47,939.66 | 80,000.00 | 12,575.00 | 92,575.00 |
| 2/1/24 | 23,969.83 | | 10,975.00 | 10,975.00 |
| 8/1/24 | 47,939.66 | 85,000.00 | 10,975.00 | 95,975.00 |
| 2/1/25 | 23,969.83 | | 9,275.00 | 9,275.00 |
| 8/1/25 | 47,939.66 | 90,000.00 | 9,275.00 | 99,275.00 |
| 2/1/26 | 23,969.83 | | 7,475.00 | 7,475.00 |
| 8/1/26 | 47,939.66 | 90,000.00 | 7,475.00 | 97,475.00 |
| 2/1/27 | 23,969.83 | | 5,900.00 | 5,900.00 |
| 8/1/27 | 47,939.66 | 95,000.00 | 5,900.00 | 100,900.00 |
| 2/1/28 | 23,969.83 | | 4,000.00 | 4,000.00 |
| 8/1/28 | 47,939.66 | 100,000.00 | 4,000.00 | 104,000.00 |
| 2/1/29 | 23,969.83 | | 2,000.00 | 2,000.00 |
| 8/1/29 | 47,939.69 | 100,000.00 | 2,000.00 | 102,000.00 |
| | <u>\$862,913.91</u> | <u>\$1,000,000.00</u> | <u>\$274,500.00</u> | <u>\$1,274,500.00</u> |

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS
ISSUED AND OUTSTANDING AT DECEMBER 31, 2017

| 2014A Loan Payment Date | Fund Loan | Trust Loan | | Total |
|----------------------------|-----------------------|-----------------------|---------------------|-----------------------|
| | Principal | Principal | Interest | |
| 2/1/18 | \$99,279.66 | | \$31,825.00 | \$31,825.00 |
| 8/1/18 | 198,559.32 | \$75,000.00 | 31,825.00 | 106,825.00 |
| 2/1/19 | 99,279.66 | | 29,950.00 | 29,950.00 |
| 8/1/19 | 198,559.32 | 80,000.00 | 29,950.00 | 109,950.00 |
| 2/1/20 | 99,279.66 | | 27,950.00 | 27,950.00 |
| 8/1/20 | 198,559.32 | 85,000.00 | 27,950.00 | 112,950.00 |
| 2/1/21 | 99,279.66 | | 25,825.00 | 25,825.00 |
| 8/1/21 | 198,559.32 | 90,000.00 | 25,825.00 | 115,825.00 |
| 2/1/22 | 99,279.66 | | 23,575.00 | 23,575.00 |
| 8/1/22 | 198,559.32 | 90,000.00 | 23,575.00 | 113,575.00 |
| 2/1/23 | 99,279.66 | | 21,325.00 | 21,325.00 |
| 8/1/23 | 198,559.32 | 95,000.00 | 21,325.00 | 116,325.00 |
| 2/1/24 | 99,279.66 | | 18,950.00 | 18,950.00 |
| 8/1/24 | 198,559.32 | 100,000.00 | 18,950.00 | 118,950.00 |
| 2/1/25 | 99,279.66 | | 16,450.00 | 16,450.00 |
| 8/1/25 | 198,559.32 | 105,000.00 | 16,450.00 | 121,450.00 |
| 2/1/26 | 99,279.66 | | 14,875.00 | 14,875.00 |
| 8/1/26 | 198,559.32 | 110,000.00 | 14,875.00 | 124,875.00 |
| 2/1/27 | 99,279.66 | | 13,225.00 | 13,225.00 |
| 8/1/27 | 198,559.32 | 115,000.00 | 13,225.00 | 128,225.00 |
| 2/1/28 | 99,279.66 | | 11,500.00 | 11,500.00 |
| 8/1/28 | 198,559.32 | 115,000.00 | 11,500.00 | 126,500.00 |
| 2/1/29 | 99,279.66 | | 9,775.00 | 9,775.00 |
| 8/1/29 | 198,559.32 | 120,000.00 | 9,775.00 | 129,775.00 |
| 2/1/30 | 99,279.66 | | 7,975.00 | 7,975.00 |
| 8/1/30 | 198,559.32 | 125,000.00 | 7,975.00 | 132,975.00 |
| 2/1/31 | 99,279.66 | | 6,100.00 | 6,100.00 |
| 8/1/31 | 198,559.32 | 125,000.00 | 6,100.00 | 131,100.00 |
| 2/1/32 | 99,279.66 | | 4,225.00 | 4,225.00 |
| 8/1/32 | 198,559.32 | 130,000.00 | 4,225.00 | 134,225.00 |
| 2/1/33 | 99,279.66 | | 2,193.75 | 2,193.75 |
| 8/1/33 | 198,559.38 | 135,000.00 | 2,193.75 | 137,193.75 |
| | <u>\$4,765,423.74</u> | <u>\$1,695,000.00</u> | <u>\$531,437.50</u> | <u>\$2,226,437.50</u> |

NOTE 3: LONG TERM DEBT (CONTINUED)

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS
ISSUED AND OUTSTANDING AT DECEMBER 31, 2017

| 2015A-1 Loan Payment Date | Fund Loan | Trust Loan | | Total |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Principal | Principal | Interest | |
| 2/1/18 | \$14,147.76 | | \$7,225.00 | \$7,225.00 |
| 8/1/18 | 28,295.52 | \$15,000.00 | 7,225.00 | 22,225.00 |
| 2/1/19 | 14,147.76 | | 6,850.00 | 6,850.00 |
| 8/1/19 | 28,295.52 | 15,000.00 | 6,850.00 | 21,850.00 |
| 2/1/20 | 14,147.76 | | 6,475.00 | 6,475.00 |
| 8/1/20 | 28,295.52 | 15,000.00 | 6,475.00 | 21,475.00 |
| 2/1/21 | 14,147.76 | | 6,100.00 | 6,100.00 |
| 8/1/21 | 28,295.52 | 15,000.00 | 6,100.00 | 21,100.00 |
| 2/1/22 | 14,147.76 | | 5,725.00 | 5,725.00 |
| 8/1/22 | 28,295.52 | 15,000.00 | 5,725.00 | 20,725.00 |
| 2/1/23 | 14,147.76 | | 5,350.00 | 5,350.00 |
| 8/1/23 | 28,295.52 | 15,000.00 | 5,350.00 | 20,350.00 |
| 2/1/24 | 14,147.76 | | 4,975.00 | 4,975.00 |
| 8/1/24 | 28,295.52 | 15,000.00 | 4,975.00 | 19,975.00 |
| 2/1/25 | 14,147.76 | | 4,600.00 | 4,600.00 |
| 8/1/25 | 28,295.52 | 20,000.00 | 4,600.00 | 24,600.00 |
| 2/1/26 | 14,147.76 | | 4,100.00 | 4,100.00 |
| 8/1/26 | 28,295.52 | 20,000.00 | 4,100.00 | 24,100.00 |
| 2/1/27 | 14,147.76 | | 3,600.00 | 3,600.00 |
| 8/1/27 | 28,295.52 | 20,000.00 | 3,600.00 | 23,600.00 |
| 2/1/28 | 14,147.76 | | 3,200.00 | 3,200.00 |
| 8/1/28 | 28,295.52 | 20,000.00 | 3,200.00 | 23,200.00 |
| 2/1/29 | 14,147.76 | | 2,800.00 | 2,800.00 |
| 8/1/29 | 28,295.52 | 20,000.00 | 2,800.00 | 22,800.00 |
| 2/1/30 | 14,147.76 | | 2,400.00 | 2,400.00 |
| 8/1/30 | 28,295.52 | 20,000.00 | 2,400.00 | 22,400.00 |
| 2/1/31 | 14,147.76 | | 2,000.00 | 2,000.00 |
| 8/1/31 | 28,295.52 | 25,000.00 | 2,000.00 | 27,000.00 |
| 2/1/32 | 14,147.76 | | 1,500.00 | 1,500.00 |
| 8/1/32 | 28,295.52 | 25,000.00 | 1,500.00 | 26,500.00 |
| 2/1/33 | 14,147.76 | | 1,000.00 | 1,000.00 |
| 8/1/33 | 28,295.52 | 25,000.00 | 1,000.00 | 26,000.00 |
| 2/1/34 | 14,147.76 | | 500.00 | 500.00 |
| 8/1/34 | 28,295.68 | 25,000.00 | 500.00 | 25,500.00 |
| | <u>\$721,535.92</u> | <u>\$325,000.00</u> | <u>\$136,800.00</u> | <u>\$461,800.00</u> |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018, as introduced were as follows:

| | |
|--------------------|----------------|
| Current Fund | \$1,275,000.00 |
| Sewer Utility Fund | \$523,873.00 |

NOTE 5: PROPERTY TAXES

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

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

| | BALANCE DECEMBER <u>31, 2017</u> | BALANCE DECEMBER <u>31, 2016</u> |
|---------------|----------------------------------------|----------------------------------------|
| Prepaid Taxes | <u>\$591,214.09</u> | <u>\$161,821.45</u> |

NOTE 6: COMPENSATED ABSENCES

The Town of Phillipsburg permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,603,000.00. The Town has established a reserve in the Other Trust Fund in the amount of \$195,077.41. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017.

NOTE 7: PENSIONS

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

Plan Descriptions

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

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

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

NOTE 7: PENSIONS (CONTINUED)

Vesting and Benefit Provisions

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

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

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2017, PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

NOTE 7: PENSIONS (CONTINUED)

Funding Policy (Continued)

Certain portions of the costs are contributed by the employees. The Town's share of PERS and PFRS pension costs, which is based upon the annual billings received from the State, amounted to \$1,317,158.00 for 2017, \$1,307,778.00 for 2016 and \$1,120,947.00 for 2015.

The Town's share for DCRP amounted to \$8,894.39 for 2017, \$6,915.00 for 2016 and \$3,215.00 for 2015.

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

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

Accounting and Financial Reporting for Pensions - GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$10,327,982.00 for the Town of Phillipsburg's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.0443672298 percent, which was a decrease of 0.0049101272 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$668,267.00 for the Town of Phillipsburg's proportionate share of the total pension expense. The pension expense recognized in the Town's financial statement based on the April 1, 2017 billing was \$437,773.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | - | \$243,188.00 |
| Changes of assumptions | \$2,073,104.00 | 2,080,732.00 |
| Net difference between projected and actual earnings on pension plan investments | | 70,327.00 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | <u>957,123.00</u> | <u>443,020.00</u> |
| | <u>\$3,030,227.00</u> | <u>\$2,837,267.00</u> |

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|--------------------------------|-----------------------|
| 2018 | \$188,291.00 |
| 2019 | 313,309.00 |
| 2020 | 150,300.00 |
| 2021 | (508,598.00) |
| 2022 | <u>(336,262.00)</u> |
| | <u>(\$192,960.00)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

| | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|---------------------------------|----------------------|----------------------|
| Inflation | 2.25 Percent | 3.08 Percent |
| Salary Increases (based on age) | | |
| Though 2026 | 1.65-4.15 Percent | 1.65-4.15 Percent |
| Thereafter | 2.65-5.15 Percent | 2.65-5.15 Percent |
| Investment Rate of Return | 7.00 Percent | 7.65 percent |

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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. Postretirement 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 1 year for females).

The actuarial assumptions used in the July 1, 2016 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.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>June 30, 2017</u> | |
|----------------------------------|--------------------------|-----------------------------------------------|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Absolute return/risk mitigation | 5.00% | 5.51% |
| Cash | 5.50% | 1.00% |
| US Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private Real Estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. developed market equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2017 | | |
|--------------------------------------------------------|-----------------|-----------------|----------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>4.00%</u> | <u>5.00%</u> | <u>6.00%</u> |
| Town's proportionate share of the pension liability | \$12,812,563.00 | \$10,327,982.00 | \$8,258,018.00 |

Pension Plan Fiduciary Net Position

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$16,351,956.00 for the Town of Phillipsburg's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.1059197118 percent, which was a decrease of 0.0019352150 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$1,751,245.00. The pension expense recognized in the Town's financial statement based on the April 1, 2017 billing was \$879,385.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Inflow of <u>Resources</u> | Deferred Outflow of <u>Resources</u> |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------|
| Differences between expected and actual experience | \$95,972.00 | \$106,082.00 |
| Changes of assumptions | 2,677,972.00 | 2,016,378.00 |
| Net difference between projected and actual earnings on pension plan investments | | 312,034.00 |
| Changes in proportion and differences between the Town's contributions and proportionate share of contributions | <u>299,239.00</u> | <u>816,006.00</u> |
| | <u>\$3,073,183.00</u> | <u>\$3,250,500.00</u> |

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

| <u>Year Ended</u> <u>June 30</u> | <u>Amount</u> |
|-------------------------------------|----------------------------|
| 2018 | \$480,816.00 |
| 2019 | 794,794.00 |
| 2020 | 88,684.00 |
| 2021 | (820,747.00) |
| 2022 | <u>(366,230.00)</u> |
| | <u><u>\$177,317.00</u></u> |

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

| | <u>2016</u> | <u>2017</u> |
|---------------------------------|-----------------------------------|-----------------------------------|
| Inflation | 3.08 Percent | 2.25 Percent |
| Salary Increases (based on age) | | |
| Through 2026 | 2.10-8.98 Percent Based on Age | 2.10-8.98 Percent Based on Age |
| Thereafter | 3.10-9.98 Percent Based on Age | 3.10-9.98 Percent Based on Age |
| Investment Rate of Return | 7.65 Percent | 7.00 Percent |

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 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. Post-retirement mortality rates for female service retirements and beneficiaries were based 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.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>June 30, 2017</u> | |
|----------------------------------|--------------------------|-----------------------------------------------|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Absolute return/risk mitigation | 5.00% | 5.51% |
| Cash | 5.50% | 1.00% |
| US Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit oriented hedge funds | 1.00% | 6.60% |
| Debt related private equity | 2.00% | 10.63% |
| Debt related real estate | 1.00% | 6.61% |
| Private Real Estate | 2.50% | 11.83% |
| Equity related real estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. developed market equity | 11.50% | 9.00% |
| Emerging markets equity | 6.50% | 11.64% |
| Buyouts venture capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2017 | | |
|-------------------------------------------------------------|--------------------------------|---------------------------------------------|--------------------------------|
| | 1% Decrease <u>5.14%</u> | At Current Discount Rate <u>6.14%</u> | 1% Increase <u>7.14%</u> |
| Town's proportionate share of the PFRS pension liability | \$21,545,048.00 | \$16,351,956.00 | \$12,085,240.00 |

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Town for the PFRS special funding situation is \$1,831,557.00 and \$1,730,145.00 respectively.

At June 30, 2017, the Town's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|----------------------------------------------------------------------------------------------|-------------------------------|
| Town's Proportionate Share of Net Pension Liability | \$16,351,956.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Town | <u>1,831,557.00</u> |
| | <u><u>\$18,183,513.00</u></u> |

Pension Plan Fiduciary Net Position

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

NOTE 8: COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM

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

NOTE 9: LITIGATION

The Town Attorneys' litigation confirmation letters indicate the Town is a defendant in certain lawsuits against the City pertaining to sewer rates. Counsel has indicated that as of the date of audit, it cannot be determined whether a loss contingency appears remote or probable, but demands against the Town are significant.

NOTE 10: CONTINGENT LIABILITIES

The Town participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Town does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the years 2017 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Town has established a reserve for this purpose in the Current Fund, the balance of which is \$576,216.94 at December 31, 2017.

NOTE 12: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

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

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2017:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund | \$ 40.53 | \$ 1,062,745.13 |
| Grant Fund | 546,214.70 | |
| Animal Control Fund | | 40.53 |
| Trust Other Fund | 516,530.43 | |
| Sewer Utility Operating Fund | | 150,000.00 |
| Sewer Utility Capital Fund | <u>150,000.00</u> | <u> </u> |
| | \$ <u>1,212,785.66</u> | \$ <u>1,212,785.66</u> |

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

NOTE 14: DEFERRED COMPENSATION PLAN

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

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

The Plan is administered by Lincoln Financial.

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

NOTE 15: SUBSEQUENT EVENTS

The Town of Phillipsburg has evaluated subsequent events occurring after the financial statement date through May 22, 2018 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

NOTE 16: RESTATEMENT

As stated in Note 1, restatements were made to prior year balances as follows:

| | BEGINNING BALANCE <u>12/31/2016</u> | <u>ADJUSTMENT</u> | BEGINNING BALANCE (AS RESTATED) <u>12/31/2016</u> | <u>EXPLANATION</u> |
|----------------------|-------------------------------------------|-------------------|------------------------------------------------------------|--------------------|
| <u>CURRENT FUND:</u> | | | | |
| Change Fund | \$1,090.00 | \$529.00 | \$1,619.00 | To correct |
| Fund Balance | 2,861,797.36 | 529.00 | 2,862,326.36 | |

NOTE 16: RESTATEMENT (CONTINUED)

| | BEGINNING BALANCE <u>12/31/2016</u> | <u>ADJUSTMENT</u> | BEGINNING BALANCE (AS RESTATED) <u>12/31/2016</u> | <u>EXPLANATION</u> |
|--------------------------------------------|-------------------------------------------|-------------------|------------------------------------------------------------|--------------------|
| <u>OTHER TRUST FUND:</u> | | | | |
| Cash | \$1,235,092.29 | \$109,195.57 | \$1,344,287.86 | Report Payroll |
| Payroll Deductions Payable | -0- | 109,195.57 | 109,195.57 | Deductions Cash |
| Due Current Fund | 89,273.12 | 467,342.00 | 556,615.12 | Move balances |
| | | | | to Trust Fund |
| Reserve for Tax Sale Premium | -0- | 466,300.00 | 466,300.00 | |
| Reserve for Redemption of Outside Liens | -0- | 1,042.00 | 1,042.00 | |
| <u>CAPITAL FUND:</u> | | | | |
| Improvement Authorizations: | | | | |
| Funded | \$17,500.00 | \$137,881.74 | \$155,381.74 | Was funded at |
| Unfunded | 2,040,238.18 | (137,881.74) | 1,902,356.44 | 12/31/2016 |

TOWN OF PHILLIPSBURG
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2017

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF CASH -TREASURER

| | <u>REF.</u> | <u>CURRENT FUND</u> | <u>GRANT FUND</u> |
|----------------------------------------------------------------|-------------|-------------------------|---------------------|
| Balance, December 31, 2016 | A | \$ 10,401,700.69 | \$ |
| Increased by Receipts: | | | |
| Collector | A-5 | \$ 28,991,009.97 | \$ |
| Taxes Receivable - Homestead Rebates | A-9 | 307,607.53 | |
| State of New Jersey-Senior Citizens and Veterans Deductions | A-8 | 122,707.56 | |
| Interfunds | A-15 | 792,367.99 | |
| Due Current Fund - Grant Fund | A-32 | | 511,719.96 |
| Petty Cash | A-6 | 250.00 | |
| Revenue Accounts Receivable | A-16 | 3,771,119.81 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 260,756.18 | |
| Grants - Unappropriated | A-27 | | 19,119.00 |
| Grants Receivable | A-28 | | 1,325,717.30 |
| Construction Code DCA - Due State of NJ | A-19 | 14,750.00 | |
| Marriage/Civil Union Licenses Due State of NJ | A-30 | 2,175.00 | |
| Reserve for Library | A-34 | 522,277.00 | |
| Reserve for Sale of Municipal Assets | A-22 | 3,500.00 | |
| Reserve for Dog License Fees Due State | A-25 | 1,540.80 | |
| Reserve for Insurance | A-29 | 30,475.00 | |
| | | <u>34,820,536.84</u> | <u>1,856,556.26</u> |
| | | \$ 45,222,237.53 | \$ 1,856,556.26 |
| Decreased by Disbursements: | | | |
| 2017 Appropriations | A-3 | \$ 14,107,562.26 | \$ |
| Appropriation Reserves | A-17 | 532,112.86 | |
| Accounts Payable | A-14 | 6,544.08 | |
| Interfunds | A-15 | 976,691.36 | |
| Petty Cash | A-6 | 250.00 | |
| Tax Overpayments | A-20 | 44,374.70 | |
| Regional School District Taxes | A-24 | 11,614,455.00 | |
| County Taxes | A-23 | 5,315,972.77 | |
| Refund of: | | | |
| Fees and Permits | A-2 | 6,455.38 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 1,834.35 | |
| Prior Year Revenue | A-1 | 57,211.84 | |
| Construction Code DCA - Due State of NJ | A-19 | 12,966.00 | |
| Marriage/Civil Union Licenses Due State of NJ | A-30 | 2,475.00 | |
| Reserve for Revaluation | A-33 | 4,000.00 | |
| Reserve for Dog License Fees Due State | A-25 | 1,550.80 | |
| Reserve for Phillipsburg Emergency Squad | A-35 | 47,898.00 | |
| Reserve for Library | A-34 | 502,166.38 | |
| Due From Claims/Payroll | | 648.35 | |
| Due Current Fund - Grant Fund | A-32 | | 666,017.11 |
| Grants-Appropriated | A-26 | | 1,190,539.15 |
| | | <u>33,235,169.13</u> | <u>1,856,556.26</u> |
| Balance, December 31, 2017 | A | \$ <u>11,987,068.40</u> | \$ <u>-0-</u> |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

| | <u>REF.</u> | | |
|---------------------------------------|-------------|------------------|-----------------------------|
| Balance, December 31, 2016 | A | | \$ 652,328.76 |
| Increased by Receipts: | | | |
| Taxes Receivable | A-9 | \$ 27,313,379.94 | |
| Interfunds | A-15 | 1,219,224.28 | |
| Municipal Charges Receivable | A-12 | 55,477.25 | |
| Municipal Lien Charges Receivable | A-13 | 1,576.76 | |
| Revenue Accounts Receivable | A-16 | 254,908.08 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 29,018.60 | |
| Tax Overpayments | A-20 | 19,870.61 | |
| Prepaid Taxes | A-21 | 591,214.09 | |
| Tax Title Liens | A-10 | 110,534.16 | |
| | | | <u>29,595,203.77</u> |
| | | | \$ 30,247,532.53 |
| Decreased by Disbursements: | | | |
| Payments to Treasurer | A-4 | \$ 28,991,009.97 | |
| Interfunds | A-15 | 912,377.36 | |
| | | | <u>29,903,387.33</u> |
| Balance, December 31, 2017 | A | | \$ <u><u>344,145.20</u></u> |

"A-6"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF PETTY CASH

| <u>OFFICE</u> | | RECEIVED FROM <u>TREASURER</u> | RETURNED TO <u>TREASURER</u> |
|---------------|-------------|--------------------------------------|------------------------------------|
| Clerks Office | | \$ <u>250.00</u> | \$ <u>250.00</u> |
| | <u>REF.</u> | A-4 | A-4 |

"A-7"

SCHEDULE OF CHANGE FUNDS

| | | |
|-------------------------------------------------------------------|---|--------------------|
| Balance, December 31, 2016 and December 31, 2017 (as restated) | A | \$ <u>1,619.00</u> |
|-------------------------------------------------------------------|---|--------------------|

DETAIL

| | |
|-------------------------|--------------------|
| Tax Collector | \$ 1,299.00 |
| Town Clerk | 50.00 |
| Construction Department | 50.00 |
| Police Department | 50.00 |
| Municipal Court | <u>170.00</u> |
| | \$ <u>1,619.00</u> |

TOWN OF PHILLIPSBURG

CURRENT FUND

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

| | <u>REF.</u> | | |
|------------------------------------------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2016 (Due To) | A | \$ | 49,871.94 |
| Increased by: | | | |
| Senior Citizens Deductions Disallowed by Collector | A-8 | \$ | 4,258.21 |
| Received From State | A-4 | | <u>122,707.56</u> |
| | | | 126,965.77 |
| | | \$ | <u>176,837.71</u> |
| Decreased by: | | | |
| Senior Citizens Deductions Per Tax Billing | A-8 | \$ | 34,500.00 |
| Veterans Deductions Per Tax Billing | A-8 | | 92,000.00 |
| Senior Citizens and Veterans Deductions Allowed by Tax Collector | A-8 | | <u>6,082.89</u> |
| | | | 132,582.89 |
| Balance, December 31, 2017 (Due To) | A | \$ | <u><u>44,254.82</u></u> |

ANALYSIS OF STATE SHARE OF 2017 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

| | | | | |
|--------------------------------------------------------------------------------|-----|----|--------------------------|---------------|
| Senior Citizens Deductions Per Tax Billing | A-8 | \$ | 34,500.00 | |
| Veterans Deductions Per Tax Billing | A-8 | | 92,000.00 | |
| Senior Citizens and Veterans Deductions Allowed by Tax Collector-2017 Taxes | A-8 | | <u>6,082.89</u> | \$ 132,582.89 |
| Less: | | | | |
| Deductions Disallowed by Collector | A-8 | | <u>4,258.21</u> | |
| | A-9 | \$ | <u><u>128,324.68</u></u> | |

"A-9"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE DECEMBER 31, 2016 | 2017 LEVY | ADDED TAXES | COLLECTIONS BY CASH | | CANCELED | OVERPAYMENTS APPLIED | TRANSFERRED TO TAX TITLE LIENS | BALANCE DECEMBER 31, 2017 |
|------|---------------------------------|---------------|----------------|---------------------|---------------|-----------|-------------------------|--------------------------------------|---------------------------------|
| | | | | 2016 | 2017 | | | | |
| 2013 | \$ | \$ | \$ 750.00 | \$ | 750.00 | \$ | \$ | \$ | \$ |
| 2014 | | | | | 4,798.63 | | | | 376.33 |
| 2015 | | | | | 4,664.35 | | | | 5,349.92 |
| 2016 | | | 15,911.11 | | 949,046.84 | 84.93 | | 14,413.17 | 8,324.20 |
| | \$ | \$ | 16,661.11 | \$ | 959,259.82 | 84.93 | \$ | \$ | \$ |
| 2017 | | 28,233,124.21 | | 161,821.45 | 26,790,052.33 | 74,585.46 | 93,461.47 | 43,260.10 | 14,050.45 |
| | \$ | \$ | 16,661.11 | \$ | 27,749,312.15 | 74,670.39 | 93,461.47 | 57,673.27 | 1,069,943.40 |
| | \$ | \$ | 16,661.11 | \$ | 27,749,312.15 | | | | 1,083,993.85 |
| REF. | A | A-9 | | A-2:A-21 | A-2:A-9 | | A-2:A-20 | A-10 | A |

REF.

| | | | |
|-----------------------------------------|-----|----|---------------|
| Collector | A-5 | \$ | 27,313,379.94 |
| Treasurer - Homestead Rebates | A-4 | | 307,607.53 |
| Senior Citizens and Veterans Deductions | A-8 | | 128,324.68 |
| | A-9 | \$ | 27,749,312.15 |

ANALYSIS OF 2017 PROPERTY TAX LEVY

| | |
|---------------------------------|------------------|
| <u>TAX YIELD</u> | |
| General Property Tax | \$ 28,199,400.61 |
| Added Taxes (54:4-63.1 et seq.) | 33,723.60 |
| | \$ 28,233,124.21 |

| | |
|------------------------------------------------|-----------------|
| <u>TAX LEVY</u> | |
| Regional School District Tax (Abstract) | \$ |
| County Tax (Abstract) | 11,828,763.00 |
| County Open Space (Abstract) | |
| Due County for Added Taxes (54:4-63.1 et seq.) | \$ 5,281,312.96 |
| <u>Total County Taxes</u> | 5,571.26 |

| | |
|---------------------------------------------|------------------|
| Local Tax for Municipal Purposes (Abstract) | \$ |
| Municipal Library | 10,845,260.82 |
| Add: Additional Tax Levied | 244,319.88 |
| Local Tax for Municipal Purposes Levied | 27,896.29 |
| | 11,117,476.99 |
| | \$ 28,233,124.21 |

"A-10"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | | |
|------------------------------|-------------|-----------------|----------------------|
| Balance, December 31, 2016 | A | | \$ 261,932.22 |
| Increased by: | | | |
| Taxes Accrued | A-9 | \$ 57,673.27 | |
| Interest & Costs on Tax Sale | | <u>2,658.32</u> | |
| | | | <u>60,331.59</u> |
| | | | \$ 322,263.81 |
| Decreased by: | | | |
| Receipts | A-5 | \$ 110,534.16 | |
| Canceled | | <u>4,630.55</u> | |
| | | | <u>115,164.71</u> |
| Balance, December 31, 2017 | A | | \$ <u>207,099.10</u> |

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | | |
|-----------------------------------------------------|---|------------------------|
| Balance, December 31, 2016 and December 31, 2017 | A | \$ <u>1,572,600.00</u> |
|-----------------------------------------------------|---|------------------------|

"A-12"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

| | <u>REF.</u> | | |
|------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2016 | A | \$ | 27,562.50 |
| Increased by: | | | |
| Billed | | \$ | 79,892.09 |
| Interest & Costs on Tax Sale | | | <u>472.66</u> |
| | | | <u>80,364.75</u> |
| | | \$ | <u>107,927.25</u> |
| Decreased by: | | | |
| Receipts | A-2:A-5 | \$ | 55,477.25 |
| Transferred to Liens | A-13 | | <u>27,592.50</u> |
| | | | <u>83,069.75</u> |
| Balance, December 31, 2017 | A | \$ | <u><u>24,857.50</u></u> |

"A-13"

SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

| | | | |
|------------------------------|---------|----|-------------------------|
| Balance, December 31, 2016 | A | \$ | 14,609.81 |
| Increased by: | | | |
| 2016 Charges | | \$ | 725.00 |
| 2017 Charges | | | <u>26,867.50</u> |
| Transferred from Receivables | A-12 | | <u>27,592.50</u> |
| | | \$ | <u>42,202.31</u> |
| Decreased by: | | | |
| Receipts | A-2:A-5 | | <u>1,576.76</u> |
| Balance, December 31, 2017 | A | \$ | <u><u>40,625.55</u></u> |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | <u>REF.</u> | | |
|---------------------------------------|-------------|-------------------|-----------------------------|
| Balance, December 31, 2016 | A | | \$ 322,059.68 |
| Increased by: | | | |
| 2017 Budget Appropriations | A-3 | \$ 328,084.02 | |
| Reserve for Revaluation | A-33 | 600.00 | |
| Appropriation Reserves | A-17 | <u>259,860.57</u> | |
| | | | <u>588,544.59</u> |
| | | | \$ <u>910,604.27</u> |
| Decreased by: | | | |
| Disbursements | A-4 | \$ 6,544.08 | |
| Transferred to Appropriation Reserves | A-17 | 290,826.68 | |
| Canceled | A-1 | <u>7,400.00</u> | |
| | | | <u>304,770.76</u> |
| Balance, December 31, 2017 | A | | \$ <u><u>605,833.51</u></u> |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| <u>ACCOUNTS</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>ACCRUED IN 2017</u> | <u>COLLECTED</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|----------------------------------------------------|-------------|------------------------------------------|----------------------------|------------------------|------------------------------------------|
| Licenses: | | | | | |
| Alcoholic Beverages | A-2 | \$ | 33,070.00 | \$ 33,070.00 | \$ |
| Other | A-2 | | 7,822.00 | 7,822.00 | |
| Fees and Permits | A-2 | | 277,768.63 | 277,768.63 | |
| Municipal Court: | | | | | |
| Fines and Costs | A-2 | 11,955.75 | 159,521.33 | 163,013.99 | 8,463.09 |
| Interest and Costs on Taxes | A-2 | | 229,568.13 | 229,568.13 | |
| Interest on Investments and Deposits | A-2 | | 72,937.63 | 72,937.63 | |
| Consolidated Municipal Property Tax Relief Aid | A-2 | | 410,231.00 | 410,231.00 | |
| Energy Receipts Tax | A-2 | | 1,595,170.00 | 1,595,170.00 | |
| Uniform Construction Code Fees | A-2 | | 265,023.00 | 265,023.00 | |
| Payment in Lieu of Taxes - Federal Housing Project | A-2 | | 154,392.25 | 154,392.25 | |
| Payment in Lieu of Taxes - Sewage Treatment Plant | A-2 | | 83,500.00 | 83,500.00 | |
| Borough of Alpha - Police Services | A-2 | | 425,000.00 | 425,000.00 | |
| Borough of Alpha - Municipal Court | A-2 | | 22,064.64 | 22,064.64 | |
| Municipal Swimming Pool Receipts | A-2 | | 23,567.62 | 23,567.62 | |
| Rental of Town Facilities | A-2 | | 50,000.00 | 50,000.00 | |
| Utility Operating Surplus of Prior Year | A-2 | | 175,000.00 | 175,000.00 | |
| Fees and Permits | A-2 | | 37,899.00 | 37,899.00 | |
| | | <u>\$ 11,955.75</u> | <u>\$ 4,022,535.23</u> | <u>\$ 4,026,027.89</u> | <u>\$ 8,463.09</u> |
| | <u>REF.</u> | <u>A</u> | | | <u>A</u> |
| Collected by Treasurer | A-4 | | | \$ 3,771,119.81 | |
| Collected by Tax Collector | A-5 | | | <u>254,908.08</u> | |
| | | | | <u>\$ 4,026,027.89</u> | |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2016 | TRANSFERRED FROM ACCOUNTS PAYABLE | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|-----------------------------------------|---------------------------------|-----------------------------------------|----------------------------------|--------------------|-------------------|
| <u>SALARIES AND WAGES</u> | | | | | |
| Business Administrator | \$ 1,875.00 | \$ | \$ 1,875.00 | \$ 532.13 | \$ 1,342.87 |
| Mayor and Council | 7,075.72 | | 7,075.72 | | 7,075.72 |
| Municipal Clerk | 6,385.48 | | 6,385.48 | 5,879.67 | 505.81 |
| Financial Administration | 6,240.59 | | 6,240.59 | 4,182.44 | 2,058.15 |
| Revenue Administration | 5,020.37 | | 5,020.37 | 3,301.89 | 1,718.48 |
| Tax Assessment | 3,830.28 | | 5,330.28 | 1,628.23 | 3,702.05 |
| Inspections Department | 10,297.15 | | 10,297.15 | 7,575.69 | 2,721.46 |
| Police | 297,001.87 | | 297,001.87 | 297,001.87 | |
| Emergency Management | 0.43 | | 0.43 | | 0.43 |
| Fire Department | 3,000.59 | | 3,000.59 | | 3,000.59 |
| Streets and Roads | 41,739.45 | | 41,739.45 | 14,292.65 | 27,446.80 |
| Municipal Prosecutor | 49.12 | | 49.12 | | 49.12 |
| Public Works Administration | 1,795.10 | | 2,295.10 | 1,484.74 | 810.36 |
| Solid Waste Collection | 93,315.79 | | 93,315.79 | 12,648.84 | 80,666.95 |
| Buildings and Grounds | 31,775.95 | | 31,775.95 | 8,654.67 | 23,121.28 |
| Vehicle Maintenance | 4,437.54 | | 4,437.54 | 1,919.27 | 2,518.27 |
| Animal Control Services | 7,449.25 | | 7,449.25 | | 7,449.25 |
| Recreation Service and Program | 3,813.45 | | 3,813.45 | 2,521.86 | 1,291.59 |
| Municipal Pool | 131.65 | | 131.65 | | 131.65 |
| Municipal Court | 22,545.08 | | 22,545.08 | 2,785.13 | 19,759.95 |
| Public Defender | 3,151.68 | | 3,151.68 | | 3,151.68 |
| <u>OTHER EXPENSES</u> | | | | | |
| Business Administrator | 18,480.18 | 13,714.63 | 32,194.81 | 14,048.06 | 18,146.75 |
| Human Resources | 12,044.65 | | 12,044.65 | | 12,044.65 |
| Mayor and Council | 928.03 | 25.00 | 953.03 | 25.00 | 928.03 |
| Municipal Clerk | 8,517.88 | 1,048.90 | 9,566.78 | 1,365.70 | 8,201.08 |
| Financial Administration | 1,260.59 | 1,221.92 | 2,482.51 | 1,834.16 | 648.35 |
| Financial Administration - Annual Audit | | 3,289.00 | 3,289.00 | 3,289.00 | |
| Revenue Administration | 6,254.33 | 331.50 | 6,585.83 | 331.50 | 6,254.33 |
| Tax Assessment | 4,745.45 | 922.48 | 4,167.93 | 922.48 | 3,245.45 |
| Legal Services | 84,619.38 | 2,416.67 | 87,036.05 | 1,220.00 | 85,816.05 |
| Engineering Service | 16,732.00 | 13,845.00 | 30,577.00 | 12,300.00 | 18,277.00 |
| Land Use Administration | 2,777.50 | 225.00 | 3,002.50 | 1,050.00 | 1,952.50 |
| Inspections Department | 10,041.56 | | 10,041.56 | 2,802.00 | 7,239.56 |
| Liability Insurance | 1,120.76 | | 1,120.76 | | 1,120.76 |
| Workers Compensation | 324.23 | | 324.23 | | 324.23 |
| Employee Group Insurance | 73,108.81 | 1,926.69 | 75,035.50 | 3,263.34 | 71,772.16 |
| Health Benefit Waivers | 31,150.00 | | 31,150.00 | 31,150.00 | |
| Unemployment Compensation Insurance | 2,836.29 | | 2,836.29 | 1,876.53 | 959.76 |
| Police Department | 16,169.38 | 37,985.63 | 54,155.01 | 43,409.88 | 10,745.13 |
| Emergency Management | 142.64 | 133.00 | 275.64 | 133.00 | 142.64 |
| Fire Department | 1,843.36 | 9,157.74 | 11,001.10 | 9,157.54 | 1,843.56 |
| Supplemental Fire Program | 1,174.50 | 5,825.50 | 7,000.00 | 5,963.00 | 1,037.00 |
| Streets and Roads | 40,148.77 | 68,233.31 | 98,382.08 | 57,853.47 | 40,528.61 |
| Public Works Administration | 5,488.61 | 1,096.00 | 6,084.61 | 1,096.00 | 4,988.61 |
| PEOSHA | 1,825.24 | 459.45 | 2,284.69 | 459.45 | 1,825.24 |
| Solid Waste Collection | 4,556.84 | 339.72 | 4,896.56 | 339.72 | 4,556.84 |
| Buildings and Grounds | 65,429.94 | 15,748.59 | 81,178.53 | 43,890.02 | 37,288.51 |
| Vehicle Maintenance | 3,811.15 | 27,123.65 | 30,934.80 | 26,686.49 | 4,248.31 |
| Animal Control Services | 3,077.00 | 899.36 | 3,976.36 | 939.36 | 3,037.00 |
| Contribution to Social Services | 7,051.00 | 2,105.00 | 9,156.00 | 5,605.00 | 3,551.00 |
| Recreation Service and Program | 9,600.96 | 14,684.60 | 24,285.56 | 14,264.40 | 10,021.16 |
| Municipal Pool | 5,949.97 | | 5,949.97 | | 5,949.97 |
| Electricity | 8,491.81 | | 8,491.81 | 8,351.34 | 140.47 |
| Street Lighting | 47,847.77 | | 37,847.77 | 11,170.76 | 26,677.01 |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2016 | TRANSFERRED FROM ACCOUNTS PAYABLE | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|---------------------------------------------|---------------------------------|-----------------------------------------|----------------------------------|----------------------|----------------------|
| <u>OTHER EXPENSES (CONTINUED)</u> | | | | | |
| Water | \$ 37,269.70 | \$ | \$ 37,269.70 | \$ 34,848.07 | \$ 2,421.63 |
| Natural Gas | 30,197.53 | | 30,197.53 | 3,118.78 | 27,078.75 |
| Gasoline | 21,994.21 | 20,000.00 | 41,994.21 | 21,330.36 | 20,663.85 |
| Switchboard Expenses | 564.66 | 3,012.17 | 13,576.83 | 7,016.64 | 6,560.19 |
| Landfill/Solid Waste Disposal | 68,600.03 | 41,000.00 | 109,600.03 | 27,665.02 | 81,935.01 |
| Municipal Court | 5,652.44 | 298.20 | 5,950.64 | 958.99 | 4,991.65 |
| Social Security | 1,443.42 | | 11,443.42 | 6,100.55 | 5,342.87 |
| Police and Firemans Retirement System | 8,035.71 | | 8,035.71 | | 8,035.71 |
| Defined Contribution Retirement Plan (DCRP) | 1,085.12 | | 1,085.12 | | 1,085.12 |
| Maintenance of Free Public Library | 34,192.08 | 3,757.97 | 37,950.05 | 16,925.74 | 21,024.31 |
| Recycling Tax | 11,684.00 | | 11,684.00 | 4,803.00 | 6,881.00 |
| | <u>\$ 1,269,201.02</u> | <u>\$ 290,826.68</u> | <u>\$ 1,560,027.70</u> | <u>\$ 791,973.43</u> | <u>\$ 768,054.27</u> |
| <u>REF.</u> | A | A-14 | | | A-1 |
| Disbursements | A-4 | | | \$ 532,112.86 | |
| Reserve for Accounts Payable | A-14 | | | <u>259,860.57</u> | |
| | | | | <u>\$ 791,973.43</u> | |

"A-18"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

| | <u>REF.</u> | |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2016 | A | \$ 498,450.18 |
| Increased by: | | |
| Taxes Pending Appeal | A-2 | 150,000.00 |
| | | <u>\$ 648,450.18</u> |
| Decreased by: | | |
| Applied to Overpayments | A-20 | <u>72,233.24</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 576,216.94</u></u> |

"A-19"

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

| | | |
|----------------------------|-----|---------------------------|
| Increased by: | | |
| Receipts | A-4 | \$ 14,750.00 |
| Decreased by: | | |
| Disbursements | A-4 | <u>12,966.00</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 1,784.00</u></u> |

"A-20"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

| | <u>REF.</u> | | |
|----------------------------|-------------|------------------|-------------------------|
| Balance, December 31, 2016 | A | | \$ 46,228.23 |
| Increased by: | | | |
| Overpayments in 2017 | A-5 | \$ 19,870.61 | |
| Overpayments from Appeals | A-18 | <u>72,233.24</u> | |
| | | | <u>92,103.85</u> |
| | | | \$ <u>138,332.08</u> |
| Decreased by: | | | |
| Refunded | A-4 | \$ 44,374.70 | |
| Canceled | | 0.05 | |
| Applied to Taxes | A-9 | <u>93,461.47</u> | |
| | | | <u>137,836.22</u> |
| Balance, December 31, 2017 | A | | \$ <u><u>495.86</u></u> |

"A-21"

SCHEDULE OF PREPAID TAXES

| | | | |
|----------------------------|-----|--|-----------------------------|
| Balance, December 31, 2016 | A | | \$ 161,821.45 |
| Increased by: | | | |
| Collection of 2018 Taxes | A-5 | | <u>591,214.09</u> |
| | | | \$ <u>753,035.54</u> |
| Decreased by: | | | |
| Applied to 2017 Taxes | A-9 | | <u>161,821.45</u> |
| Balance, December 31, 2017 | A | | \$ <u><u>591,214.09</u></u> |

"A-22"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

| | <u>REF.</u> | |
|----------------------------|-------------|-------------------------------|
| Balance, December 31, 2016 | A | \$ 2,442,896.19 |
| Increased by: | | |
| Receipts | A-4 | 3,500.00 |
| | | <u>\$ 2,446,396.19</u> |
| Decreased by: | | |
| Applied to Revenue | A-2 | <u>250,000.00</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 2,196,396.19</u></u> |

"A-23"

SCHEDULE OF COUNTY TAXES PAYABLE

| | | |
|----------------------------|---------|---------------------------|
| Balance, December 31, 2016 | A | \$ 34,659.81 |
| Increased by: | | |
| 2017 Levy | | \$ 5,281,312.96 |
| Added Taxes | | <u>5,571.26</u> |
| | A-1:A-9 | <u>5,286,884.22</u> |
| | | <u>\$ 5,321,544.03</u> |
| Decreased by: | | |
| Payments | A-4 | <u>5,315,972.77</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 5,571.26</u></u> |

"A-24"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

| | <u>REF.</u> | |
|----------------------------|-------------|-------------------------------|
| Balance, December 31, 2016 | A | \$ 1,916,530.50 |
| Increased by: | | |
| School Levy | A-1:A-9 | 11,828,763.00 |
| | | <u>\$ 13,745,293.50</u> |
| Decreased by: | | |
| Payments | A-4 | 11,614,455.00 |
| | | <u>11,614,455.00</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 2,130,838.50</u></u> |

"A-25"

SCHEDULE OF RESERVE FOR DOG LICENSE FEES DUE STATE

| | | |
|----------------------------|-----|------------------------|
| Balance, December 31, 2016 | A | \$ 30.60 |
| Increased by: | | |
| Receipts | A-4 | 1,540.80 |
| | | <u>\$ 1,571.40</u> |
| Decreased by: | | |
| Disbursements | A-4 | 1,550.80 |
| | | <u>1,550.80</u> |
| Balance, December 31, 2017 | A | <u><u>\$ 20.60</u></u> |

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

| | BALANCE DECEMBER 31, 2016 | 2017 BUDGET APPROPRIATION | EXPENDED | CANCELED | BALANCE DECEMBER 31, 2017 |
|------------------------------------------------------|---------------------------------|---------------------------------|------------------------|----------------------|---------------------------------|
| Clean Communities Program | \$ 11,854.75 | \$ 33,594.59 | \$ 34,934.84 | \$ | \$ 10,514.50 |
| Drunk Driving Enforcement Fund | 3,366.76 | | 870.00 | | 2,496.76 |
| Municipal Alliance Program | 12,022.37 | 12,440.00 | 11,874.92 | 122.37 | 12,465.08 |
| Municipal Alliance Program Match | 5,291.07 | 3,732.00 | 3,957.44 | | 5,065.63 |
| Municipal Alliance Program BOE | 2,007.56 | 2,000.00 | 857.56 | | 3,150.00 |
| Body Armor Replacement Fund | 7,088.35 | 3,392.42 | 10,480.77 | | |
| Bulletproof Vest Partnership | 3,960.00 | 6,611.91 | 6,077.23 | | 4,494.68 |
| Exercise Program Implementation Action Grant | 1,028.20 | | 1,028.20 | | |
| NJ Youth Corps | 337,593.00 | 540,000.00 | 498,627.00 | 33,766.00 | 345,200.00 |
| Municipal Stormwater Regulation Program | 4,251.25 | | | 4,251.25 | |
| Small Cities CDBG - ADA Improvement | | 290,000.00 | 34,800.00 | | 255,200.00 |
| Small Cities CDBG - ADA Improvement Match | | 14,500.00 | | | 14,500.00 |
| Recycling Tonnage Grant | 85,747.88 | 20,124.00 | 57,634.89 | | 48,236.99 |
| Delaware River Joint Bridge Commission: | | | | | |
| Compact Authorized Investments Grant | 45,440.96 | | | 45,440.96 | |
| Resurfacing Northampton Street Toll Bridge | 63,000.00 | | | 63,000.00 | |
| Compact Authorized Investments Grant | 131,350.91 | | | 131,350.91 | |
| NJ Transportation Trust Fund Authority Act: | | | | | |
| Morris Street | 23,941.00 | | | 23,941.00 | |
| Main Street - Phase V | 13,733.04 | | | 13,733.04 | |
| Improvements to Washington Street | 23.18 | | | 23.18 | |
| 2013 Municipal Aid | | | (1,050.00) | | 1,050.00 |
| Municipal Aid - Heckman Street - Phase I | 250,000.00 | | | | 250,000.00 |
| Urban Aid - Heckman Street - Phase I | 24,581.00 | | | | 24,581.00 |
| Urban Aid - Heckman Street - Phase II | | 261,270.00 | | | 261,270.00 |
| Reserve for Domestic Violence Grant | 2,973.00 | | 2,417.84 | | 555.16 |
| Click It or Ticket | 1,045.71 | | | 1,045.71 | |
| Pedestrian Safety, Enforcement and Education Fund | 398.42 | | (301.58) | 700.00 | |
| CERT Trailer Equipment & Supply | 151.18 | | 151.18 | | |
| Plan Conformance Grant - Supplemental | 123,596.11 | | 39,765.00 | | 83,831.11 |
| Green Acres Delaware Heights | 99,440.33 | | | | 99,440.33 |
| McWane Ductile Project | 73,500.00 | | 49,287.57 | | 24,212.43 |
| Rivers, Trails and Conservation Assistance Program | 278.66 | | | | 278.66 |
| St. Luke's Hospital Donation - Pool | 30,731.39 | | 30,731.39 | | |
| Warren County DARE Officers Association | 242.08 | | | | 242.08 |
| Westminster Presbyterian Church Stained Glass Window | 14,510.00 | | | 14,510.00 | |
| Aqua Road Improvement Donations | 175,626.54 | 246,912.50 | 98,582.49 | | 323,956.55 |
| Distracted Driving | | 5,500.00 | 5,500.00 | | |
| COPS Hiring Program: | | | | | |
| Federal | 20,491.93 | 20,833.00 | 41,207.91 | | 117.02 |
| BOE | 9,404.17 | 49,015.00 | 42,742.89 | | 15,676.28 |
| Local Match | 9,404.30 | 49,015.00 | 42,742.97 | | 15,676.33 |
| FEMA Generators | | 124,500.00 | | | 124,500.00 |
| Community Policing Grant | | 10,000.00 | | | 10,000.00 |
| Rotary Club - Heritage Trail Donation | 1,000.00 | | | | 1,000.00 |
| Elizabethtown Gas Road Improvement | 171,881.33 | 27,483.75 | 65,411.13 | | 133,953.95 |
| | <u>\$ 1,760,956.43</u> | <u>\$ 1,720,924.17</u> | <u>\$ 1,078,331.64</u> | <u>\$ 331,884.42</u> | <u>\$ 2,071,664.54</u> |
| REF. | A | A-3 | | A-1:A-32 | A |
| Grants Appropriated | | \$ 1,653,677.17 | | | |
| Matching Funds for Grants | A-32 | <u>67,247.00</u> | | | |
| | | <u>\$ 1,720,924.17</u> | | | |
| Disbursements | A-4 | | \$ 1,190,539.15 | | |
| Accounts Payable | A-31 | | <u>39,518.85</u> | | |
| | | | \$ 1,230,058.00 | | |
| Less: Transferred from Accounts Payable | A-31 | | <u>151,726.36</u> | | |
| | | | <u>\$ 1,078,331.64</u> | | |

"A-27"

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

| | <u>RECEIPTS</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-------------------------|----------------------------|------------------------------------------|
| Recycling Tonnage Grant | \$ <u>19,119.00</u> | \$ <u>19,119.00</u> |
| | \$ <u><u>19,119.00</u></u> | \$ <u><u>19,119.00</u></u> |
| <u>REF.</u> | A-4 | A |

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

| | BALANCE DECEMBER 31, 2016 | BUDGET APPROPRIATION | RECEIPTS | CANCELED | BALANCE DECEMBER 31, 2017 |
|-------------------------------------------------------|---------------------------------|-------------------------|------------------------|----------------------|---------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Municipal Alliance Program | 13,487.64 | 12,440.00 | 12,414.92 | 73.62 | 13,439.10 |
| Municipal Alliance Program - BOE Match | | 2,000.00 | 2,000.00 | | |
| NJ Youth Corps | 282,715.00 | 540,000.00 | 484,474.00 | 33,766.00 | 304,475.00 |
| NJ Transportation Trust Fund Authority Act: | | | | | |
| Morris Street | 26,904.52 | | | 26,904.52 | |
| Sitgreaves Street | 66,815.00 | | 66,815.00 | | |
| Improvements to Washington Street | 112,500.00 | | 112,500.00 | | |
| Municipal Aid: | | | | | |
| Improvements to South Main Street - Phase VI | 59,427.50 | | 59,427.50 | | |
| Improvements to South Main Street - Phase VII | 68,645.25 | | 68,645.25 | | |
| Heckman Street - Phase I | 250,000.00 | | | | 250,000.00 |
| Urban Aid - Heckman Street - Phase I | 24,581.00 | 261,270.00 | | | 24,581.00 |
| Urban Aid - Heckman Street - Phase II | | | | | 261,270.00 |
| Delaware River Joint Bridge Commission: | | | | | |
| Compact Authorized Investments | 131,350.91 | | | 131,350.91 | 10,571.91 |
| Bulletproof Vest Partnership Grant | 3,960.00 | 6,611.91 | | 1,044.96 | |
| Click It or Ticket | 1,044.96 | | | 700.00 | |
| Pedestrian Safety, Enforcement and Education Fund | 10,000.00 | | 9,300.00 | | |
| Plan Conformance Grant | 15,620.39 | | | | 15,620.39 |
| Plan Conformance Grant - Supplemental | 107,109.50 | | | | 107,109.50 |
| Green Acres Delaware Heights | 170,416.51 | | | | 170,416.51 |
| McWane Ductile Project | 73,500.00 | | 73,500.00 | | |
| Restoration Central Railroad of NJ Interlocking Tower | 3,188.10 | | 3,188.10 | | |
| Westminster Presbyterian Church Stained Glass Window | 14,510.00 | | | 14,510.00 | 2,104.28 |
| COPS Hiring Grant - Federal | 28,701.55 | 20,833.00 | 47,430.27 | | |
| COPS Hiring Grant - PSD | | 49,015.00 | 49,015.00 | | |
| Recycling Tonnage Grant | | 20,124.00 | 20,124.00 | | |
| Distracted Driving Grant | | 5,500.00 | 5,500.00 | | |
| Clean Communities Program | | 33,594.59 | 33,594.59 | | |
| Body Armor Replacement Fund | | 3,392.42 | 3,392.42 | | |
| Small Cities CDBG - ADA Improvement | | 290,000.00 | | | 290,000.00 |
| Aqua Road Improvement Donations | | 246,912.50 | 246,912.50 | | 124,500.00 |
| FEMA Generators | | 124,500.00 | | | 10,000.00 |
| Community Policing Grant | | 10,000.00 | | | |
| Elizabethtown Gas Road Improvement | | 27,483.75 | 27,483.75 | | |
| | <u>\$ 1,464,477.83</u> | <u>\$ 1,653,677.17</u> | <u>\$ 1,325,717.30</u> | <u>\$ 208,350.01</u> | <u>\$ 1,584,087.69</u> |
| REF. | A | A-2 | A-4 | A-1:A-32 | A |

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR INSURANCE

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------------|
| Increased by: | | |
| Receipts | A-4 | \$ <u>30,475.00</u> |
| Balance, December 31, 2017 | A | \$ <u><u>30,475.00</u></u> |

"A-30"

TOWN OF PHILLIPSBURG

CURRENT FUND

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

| | <u>REF.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2016 | A | \$ 625.00 |
| Increased by: | | |
| Receipts | A-4 | 2,175.00 |
| | | <u>\$ 2,800.00</u> |
| Decreased by: | | |
| Paid to State | A-4 | 2,475.00 |
| | | <u>2,475.00</u> |
| Balance, December 31, 2017 | A | <u>\$ 325.00</u> |

"A-31"

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | | |
|------------------------------------|------|----------------------|
| Balance, December 31, 2016 | A | \$ 151,726.36 |
| Increased by: | | |
| Grants Appropriated | A-26 | 39,518.85 |
| | | <u>\$ 191,245.21</u> |
| Decreased by: | | |
| Transferred to Grants Appropriated | A-26 | 151,726.36 |
| | | <u>151,726.36</u> |
| Balance, December 31, 2017 | A | <u>\$ 39,518.85</u> |

"A-32"

TOWN OF PHILLIPSBURG

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | | |
|---------------------------------------|-------------|-------------------|-----------------------------|
| Balance, December 31, 2016 (Due From) | A | | \$ 448,204.96 |
| Increased by: | | | |
| Disbursements | A-4 | \$ 666,017.11 | |
| Canceled Receivable | A-28 | 208,350.01 | |
| Grant Match | A-15:A-26 | <u>67,247.00</u> | |
| | | | <u>941,614.12</u> |
| | | | \$ <u>1,389,819.08</u> |
| Decreased by: | | | |
| Receipts | A-4 | \$ 511,719.96 | |
| Canceled Reserve | A-26 | <u>331,884.42</u> | |
| | | | <u>843,604.38</u> |
| Balance, December 31, 2017 (Due From) | A | | \$ <u><u>546,214.70</u></u> |

"A-33"

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

| | | | |
|----------------------------|------|---------------|----------------------------|
| Balance, December 31, 2016 | A | | \$ 19,024.52 |
| Decreased by: | | | |
| Disbursements | A-4 | \$ 4,000.00 | |
| Accounts Payable | A-14 | <u>600.00</u> | |
| | | | <u>4,600.00</u> |
| Balance, December 31, 2017 | A | | \$ <u><u>14,424.52</u></u> |

"A-34"

TOWN OF PHILLIPSBURG

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY EXPENDITURES

| | <u>REF.</u> | |
|-------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2016 (Due To) | A | \$ 379,050.49 |
| Increased by: | | |
| Receipts | A-4 | <u>522,277.00</u> |
| | | \$ 901,327.49 |
| Decreased by: | | |
| Disbursements | A-4 | <u>502,166.38</u> |
| Balance, December 31, 2017 (Due To) | A | <u><u>\$ 399,161.11</u></u> |

"A-35"

SCHEDULE OF RESERVE FOR PHILLIPSBURG EMERGENCY SQUAD

| | | |
|----------------------------|-----|----------------------------|
| Balance, December 31, 2016 | A | \$ <u>47,898.00</u> |
| Decreased by: | | |
| Disbursements | A-4 | <u><u>\$ 47,898.00</u></u> |

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>ANIMAL CONTROL</u> | <u>OTHER</u> |
|-----------------------------------------|-------------|-----------------------|-------------------------|
| Balance, December 31, 2016 | B | \$ 2,801.23 | \$ 1,344,287.86 |
| Increased by Receipts: | | | |
| Reserve for Animal Control Expenditures | B-9 | \$ 10,954.80 | \$ |
| Reserve for Various Trust Deposits | B-8 | | 8,227,106.43 |
| Revolving Loan Principal Payments | B-4 | | 13,705.79 |
| Reserve for Revolving Loan - Interest | B-5 | | 3,201.48 |
| Reserve for Housing Assistance Program | B-6 | | 1,792,769.17 |
| Due Current Fund | B-2:B-3 | <u>194.93</u> | <u>1,344,276.88</u> |
| | | <u>11,149.73</u> | <u>11,381,059.75</u> |
| | | \$ <u>13,950.96</u> | \$ <u>12,725,347.61</u> |
| Decreased by Disbursements: | | | |
| Due Current Fund | B-2:B-3 | \$ | \$ 1,311,392.19 |
| Expenditures Under R.S.4:19-15.11 | B-9 | 5,186.37 | |
| Reserve for Various Trust Deposits | B-8 | | 8,236,441.43 |
| Reserve for Housing Assistance Program | B-6 | | <u>1,908,129.16</u> |
| | | <u>5,186.37</u> | <u>11,455,962.78</u> |
| Balance, December 31, 2017 | B | \$ <u>8,764.59</u> | \$ <u>1,269,384.83</u> |

"B-2"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

| | <u>REF.</u> | |
|---------------------------------------|-------------|-----------------|
| Balance, December 31, 2016 (Due From) | B | \$ 154.40 |
| Decreased by: | | |
| Receipts | B-1 | <u>194.93</u> |
| Balance, December 31, 2017 (Due To) | B | <u>\$ 40.53</u> |

"B-3"

SCHEDULE OF DUE CURRENT FUND - OTHER TRUST FUND

| | | |
|-----------------------------------------------------|-----|----------------------|
| Balance, December 31, 2016 (Due From) (as restated) | B | \$ 556,615.12 |
| Increased by: | | |
| Disbursements | B-1 | <u>1,311,392.19</u> |
| | | \$ 1,868,007.31 |
| Decreased by: | | |
| Receipts | B-1 | \$ 1,344,276.88 |
| Canceled Premium | B-8 | <u>7,200.00</u> |
| | | <u>1,351,476.88</u> |
| Balance, December 31, 2017 (Due From) | B | <u>\$ 516,530.43</u> |

"B-4"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF ACCOUNTS RECEIVABLE - REVOLVING LOANS

| | <u>REF.</u> | | |
|----------------------------|-------------|------------------|----------------------|
| Balance, December 31, 2016 | B | | \$ 395,360.66 |
| Decreased by: | | | |
| Receipts | B-1 | \$ 13,705.79 | |
| Canceled | B-5 | <u>20,000.00</u> | |
| | | | <u>33,705.79</u> |
| Balance, December 31, 2017 | B | | \$ <u>361,654.87</u> |

"B-5"

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT REVOLVING LOANS

| | | | |
|----------------------------|-----|--|----------------------|
| Balance, December 31, 2016 | B | | \$ 746,268.72 |
| Increased by: | | | |
| Receipts | B-1 | | <u>3,201.48</u> |
| | | | \$ <u>749,470.20</u> |
| Decreased by: | | | |
| Canceled | B-4 | | <u>20,000.00</u> |
| Balance, December 31, 2017 | B | | \$ <u>729,470.20</u> |

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR FEDERAL HOUSING ASSISTANCE PROGRAM

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2016 | B | \$ | 97,042.76 |
| Increased by: | | | |
| Receipts | B-1 | \$ | 1,792,769.17 |
| Applied Deferred Revenue | B-11 | | <u>158,569.00</u> |
| | | | <u>1,951,338.17</u> |
| | | \$ | <u>2,048,380.93</u> |
| Decreased by: | | | |
| Disbursements | B-1 | \$ | 1,908,129.16 |
| Accounts Payable | B-7 | | <u>3,317.78</u> |
| | | | <u>1,911,446.94</u> |
| Balance, December 31, 2017 | B | \$ | <u><u>136,933.99</u></u> |

"B-7"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF ACCOUNTS PAYABLE

| | <u>REF.</u> | | |
|-----------------------------------------------|-------------|---------------|---------------------------|
| Increased by: | | | |
| Accounts Payable - Housing Assistance Program | B-6 | \$ 3,317.78 | |
| Accounts Payable - Miscellaneous Trust | B-8 | <u>414.00</u> | |
| | | | \$ <u>3,731.78</u> |
| Balance, December 31, 2017 | B | | \$ <u><u>3,731.78</u></u> |

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

| <u>ACCOUNT</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>INCREASED BY</u> | <u>DECREASED BY</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|--------------------------------------------|------------------------------------------|------------------------|------------------------|------------------------------------------|
| Planning Board Escrow | \$ 176,366.78 | \$ 277,596.21 | \$ 260,304.32 | \$ 193,658.67 |
| Bernards Township RCA Program | 138,811.43 | 627.20 | | 139,438.63 |
| Accumulated Sick and Vacation | 304,083.95 | | 109,006.54 | 195,077.41 |
| Police Outside Overtime | 317.50 | 222,949.83 | 192,194.53 | 31,072.80 |
| Parking Offense Adjudication Act | 1,184.56 | 306.00 | | 1,490.56 |
| Small Cities Block Grant | 21,093.75 | | | 21,093.75 |
| Neighborhood Preservation Grant | 11,443.24 | | | 11,443.24 |
| Donations for Celebration of Public Events | 27,588.81 | 14,156.00 | 22,415.79 | 19,329.02 |
| Storm Recovery | 25,000.00 | | | 25,000.00 |
| Dog Park User Fees | 1,244.00 | 350.50 | | 1,594.50 |
| Uniform Fire Safety Act | 750.00 | 4,750.00 | | 5,500.00 |
| Public Defender Fees | 7,225.55 | 1,277.14 | 3,731.09 | 4,771.60 |
| Flexible Spending Benefits | 2,736.02 | 21,702.82 | 20,967.10 | 3,471.74 |
| Payroll Deductions Payable (as restated) | 109,195.57 | 6,486,770.50 | 6,486,114.26 | 109,851.81 |
| Tax Premiums | 466,300.00 | 301,000.00 | 257,200.00 | 510,100.00 |
| Outside Lien Redemptions | 1,042.00 | 895,620.23 | 892,121.80 | 4,540.43 |
| | <u>\$ 1,294,383.16</u> | <u>\$ 8,227,106.43</u> | <u>\$ 8,244,055.43</u> | <u>\$ 1,277,434.16</u> |
| | <u>B</u> | <u>B-1</u> | | <u>B</u> |
| Disbursements | | | \$ 8,236,441.43 | |
| Accounts Payable | | | 414.00 | |
| Canceled Tax Sale Premium | | | 7,200.00 | |
| | | | <u>\$ 8,244,055.43</u> | |

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

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

| | <u>REF.</u> | | |
|-----------------------------------|-------------|----|------------------------|
| Balance, December 31, 2016 | B | \$ | 2,203.38 |
| Increased by: | | | |
| Cat License Fees Collected | | \$ | 1,763.00 |
| Dog License Fees Collected | | | 7,423.80 |
| Late Fees | | | 1,768.00 |
| | B-1 | | <u>10,954.80</u> |
| | | \$ | <u>13,158.18</u> |
| Decreased by: | | | |
| Expenditures Under R.S.4:19-15.11 | B-1 | | <u>5,186.37</u> |
| Balance, December 31, 2017 | B | \$ | <u><u>7,971.81</u></u> |

LICENSE FEES COLLECTED

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|----------------------------|
| 2016 | \$ 9,418.60 |
| 2015 | <u>9,257.70</u> |
| | <u><u>\$ 18,676.30</u></u> |

"B-10"

TOWN OF PHILLIPSBURG

TRUST FUND

SCHEDULE OF RESERVE FOR DOG PARK - ANIMAL CONTROL TRUST FUND

| | | |
|-----------------------------------------------------|---|------------------|
| Balance, December 31, 2016 and December 31, 2017 | B | \$ <u>752.25</u> |
|-----------------------------------------------------|---|------------------|

"B-11"

SCHEDULE OF DEFERRED CHARGES - HOUSING ASSISTANCE PROGRAM

| | | |
|---------------------------------------------------|-----|----------------------|
| Balance, December 31, 2016 | B | \$ <u>158,569.00</u> |
| Decreased by: | | |
| Applied to Reserve for Housing Assistance Program | B-6 | \$ <u>158,569.00</u> |

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | | |
|-----------------------------|-------------|-----------------|-------------------------------|
| Balance, December 31, 2016 | C | | \$ 1,776,558.80 |
| Increased by Receipts: | | | |
| Budget Appropriations: | | | |
| Capital Improvement Fund | C-7 | \$ 275,000.00 | |
| Premium on Bonds and Notes | C-1 | 143,940.51 | |
| Bond Sale | C-8 | 6,102,000.00 | |
| Bond Anticipation Notes | C-10 | 2,573,436.00 | |
| Due Current Fund | C-13 | 12,231.47 | |
| | | | <u>9,106,607.98</u> |
| | | | \$ <u>10,883,166.78</u> |
| Decreased by Disbursements: | | | |
| Contracts Payable | C-12 | \$ 2,089,588.28 | |
| Due Current Fund | C-13 | 12,787.49 | |
| Bond Anticipation Notes | C-10 | 6,157,000.00 | |
| | | | <u>8,259,375.77</u> |
| Balance, December 31, 2017 | C | | \$ <u><u>2,623,791.01</u></u> |

"C-3"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

| | | BALANCE DECEMBER 31, 2017 |
|------------------------------------------------|----|---------------------------------|
| Capital Improvement Fund | \$ | 228,796.84 |
| Fund Balance | | 197,565.22 |
| Reserve for Capital Projects | | 36,780.16 |
| Contracts Payable | | 765,090.78 |
| Funded Improvement Authorizations | | 1,408,758.91 |
| Unfunded Improvements Expended (Listed on C-6) | | <u>(13,200.90)</u> |
| | \$ | <u>2,623,791.01</u> |
| <u>REF.</u> | | C |

"C-4"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL PROJECTS

REF.

Balance, December 31, 2016
and December 31, 2017

C

\$ 36,780.16

"C-5"

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016

C

\$ 127,462.08

Increased by:
Bond Sale

C-6

6,102,000.00
\$ 6,229,462.08

Decreased by:
Green Acres Loans Paid by Budget

C-11

13,061.54

Balance, December 31, 2017

C

\$ 6,216,400.54

"C-7"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|--------------------------------------|-------------|-----------------------------|
| Balance, December 31, 2016 | C | \$ 54,366.84 |
| Increased by: | | |
| 2017 Budget Appropriation | C-2 | <u>275,000.00</u> |
| | | \$ <u>329,366.84</u> |
| Decreased by: | | |
| Appropriated to Finance Improvements | C-9 | <u>100,570.00</u> |
| Balance, December 31, 2017 | C | \$ <u><u>228,796.84</u></u> |

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

| <u>PURPOSE</u> | <u>DATE OF ISSUE</u> | <u>AMOUNT OF ORIGINAL ISSUE</u> | <u>OUTSTANDING</u> | | <u>INTEREST RATE</u> | <u>INCREASED</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|----------------------|----------------------|-------------------------------------|--------------------|---------------|--------------------------|------------------------|------------------------------------------|
| | | | <u>DATE</u> | <u>AMOUNT</u> | | | |
| General Improvements | 8/15/17 | \$ 6,102,000.00 | 08/15/2018 | \$ 500,000.00 | 3.000% | \$ | \$ |
| | | | 08/15/2019 | 505,000.00 | 4.000% | | |
| | | | 08/15/2020 | 515,000.00 | 4.000% | | |
| | | | 08/15/2021 | 525,000.00 | 4.000% | | |
| | | | 08/15/2022 | 540,000.00 | 4.000% | | |
| | | | 08/15/2023 | 550,000.00 | 2.000% | | |
| | | | 08/15/2024 | 565,000.00 | 2.000% | | |
| | | | 08/15/2025 | 580,000.00 | 2.000% | | |
| | | | 08/15/2026 | 595,000.00 | 2.000% | | |
| | | | 08/15/2027 | 605,000.00 | 2.125% | | |
| | | | 08/15/2028 | 622,000.00 | 2.250% | | |
| | | | | | | <u>6,102,000.00</u> | <u>6,102,000.00</u> |
| | | | | | | <u>\$ 6,102,000.00</u> | <u>\$ 6,102,000.00</u> |

REF.

C-2

C

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ordinance | BALANCE - DECEMBER 31, 2016 | | 2017 | | AUTHORIZATIONS CANCELED | EXPENDED | BALANCE - DECEMBER 31, 2017 | |
|-------------------------------------------------------------------------|-----------------------------|---------------------------|-----------------|-----------------|----------------------------|-----------------|-----------------------------|------------|
| | FUNDED (as restated) | UNFUNDED (as restated) | FUNDED | UNFUNDED | | | FUNDED | UNFUNDED |
| 02-04 - Various Capital Improvements | \$ 1,575.00 | \$ | \$ | \$ | 1,575.00 | \$ | \$ | \$ |
| 03-04 - Various Capital Improvements | 5,894.00 | | | | 5,894.00 | | 357.26 | |
| 05-18 - Various Capital Improvements | 4,362.26 | | | | 4,005.00 | | 19,905.48 | |
| 06-20 - Various Capital Improvements | 116,750.48 | | | | | | 9,300.00 | |
| 07-07 - Various Capital Improvements | 9,300.00 | | | | | | 118.81 | |
| 08-12 - Various Capital Improvements | | 2,259.15 | | | | | | |
| 09-10 - Various Capital Improvements | | 23,875.54 | | | | | | |
| 11-09 - Various Capital Improvements | | 263.76 | | | | | 263.76 | |
| 12-07 - Various Capital Improvements | | 81,710.47 | | | 2,090.00 | | 57,707.93 | |
| 13-10 - Various Capital Improvements | | 93,354.45 | | | 3,050.00 | | 79,487.80 | |
| 13-13 - Walter's Park Improvements Project | 10,000.00 | | | | | | | |
| 14-11 - Various Capital Improvements | | 217,699.24 | | | | | | |
| 14-23 - Various Roadway Improvements | | 46,443.11 | | | | | | |
| 15-05 - Various Improvements to Walter's Park Pool | | 15,555.38 | | | 4,145.46 | | 131,759.60 | |
| 15-13 - Various Capital Improvements | | 538,291.89 | | | | | 3,146.60 | |
| 15-17 - Installation of New Town Phone System | | 12,600.00 | | | | | | 3,300.00 |
| 16-02 - Various Improvements to Walter's Park Pool | 7,500.00 | 142,500.00 | | | | | | |
| 16-13 - Various Capital Improvements | | 727,803.45 | | | | | | |
| 17-03 - Preliminary Costs for Municipal Building | | | | 300,000.00 | 8,426.00 | | 208,931.85 | |
| 17-06 - Various Capital Improvements | | | | 1,311,400.00 | | | 813,791.56 | 278,599.10 |
| 17-22 - Purchase of a Multi-Space Parking Kiosk | | | | 20,000.00 | | | 5,869.15 | 830.00 |
| | \$ 155,381.74 | \$ 1,902,356.44 | \$ 1,631,400.00 | \$ | 29,185.46 | \$ 1,968,464.71 | 1,408,758.91 | 282,729.10 |
| | C | C | | | C-1 | C-12 | C | C-C-6 |
| REF. | | | | | | | | |
| C-6 | | | | \$ 1,530,830.00 | | | | |
| C-7 | | | | 100,570.00 | | | | |
| | | | | \$ 1,631,400.00 | | | | |
| Deferred Charges To Future Taxation - Unfunded Capital Improvement Fund | | | | | | | | |

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>DATE OF ISSUE</u> | <u>DATE OF MATURITY</u> | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>INCREASED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-----------------------------|--------------------------------------------|---------------------------------------|--------------------------|-----------------------------|--------------------------|------------------------------------------|------------------------|------------------------|------------------------------------------|
| 08-12 | Various Capital Improvements | 04/28/09 | 04/12/16 | 04/11/17 | 1.10% | \$ 100,000.00 | \$ | 100,000.00 | \$ |
| 09-10 | Various Capital Improvements | 04/19/11 | 04/12/16 | 04/11/17 | 1.10% | 200,000.00 | | 200,000.00 | |
| 10-10 | Various Capital Improvements | 04/19/11 | 04/12/16 | 04/11/17 | 1.10% | 300,000.00 | | 300,000.00 | |
| 11-09 | Various Capital Improvements | 04/18/12 | 04/12/16 | 04/11/17 | 1.10% | 500,000.00 | | 500,000.00 | |
| 12-07 | Various Capital Improvements | 04/18/12 | 04/12/16 | 04/11/17 | 1.10% | 500,000.00 | | 500,000.00 | |
| 13-10 | Various Capital Improvements | 04/14/14 | 04/12/16 | 04/11/17 | 1.10% | 400,000.00 | | 400,000.00 | |
| 14-11 | Various Capital Improvements | 08/18/15 | 08/16/16 | 08/15/17 | 2.00% | 1,100,000.00 | | 1,100,000.00 | |
| 14-23 | Various Capital Improvements | 08/18/15 | 08/16/16 | 08/15/17 | 2.00% | 300,000.00 | | 300,000.00 | |
| 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 | |
| 10-10 | Various Capital Improvements | 04/19/11 | 04/06/17 | 08/15/17 | 2.00% | | 200,000.00 | 200,000.00 | |
| 11-09 | Various Capital Improvements | 04/18/12 | 04/06/17 | 08/15/17 | 2.00% | | 400,000.00 | 400,000.00 | |
| 12-07 | Various Capital Improvements | 04/18/12 | 04/06/17 | 08/15/17 | 2.00% | | 400,000.00 | 400,000.00 | |
| 13-10 | Various Capital Improvements | 04/14/14 | 04/06/17 | 08/15/17 | 2.00% | | 300,000.00 | 300,000.00 | |
| 16-02 | Various Improvements to Walter's Park Pool | 04/06/17 | 04/06/17 | 08/15/17 | 2.00% | | 142,500.00 | 142,500.00 | |
| 16-13 | Various Capital Improvements | 04/06/17 | 04/06/17 | 08/15/17 | 2.00% | | 1,130,936.00 | 1,130,936.00 | |
| | | | | | | <u>\$ 4,284,900.00</u> | <u>\$ 2,573,436.00</u> | <u>\$ 6,858,336.00</u> | <u>\$ -0-</u> |
| | | | | | <u>REF.</u> | <u>C</u> | <u>C-2</u> | | <u>C:C-6</u> |
| | Disbursements | | | | C-2 | | | \$ 6,157,000.00 | |
| | Notes paid by budget | | | | C-6 | | | <u>701,336.00</u> | |
| | | | | | | | | <u>\$ 6,858,336.00</u> | |

"C-11"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2016 | C | \$ 127,462.08 |
| Decreased by: | | |
| Payment on Loans | C-5 | <u>13,061.54</u> |
| Balance, December 31, 2017 | C | <u>\$ 114,400.54</u> |

"C-12"

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

| | | |
|---------------------------------------|-----|------------------------|
| Balance, December 31, 2016 | C | \$ 886,214.35 |
| Increased by: | | |
| Charges to Improvement Authorizations | C-9 | <u>1,968,464.71</u> |
| | | <u>\$ 2,854,679.06</u> |
| Decreased by: | | |
| Disbursements | C-2 | <u>2,089,588.28</u> |
| Balance, December 31, 2017 | C | <u>\$ 765,090.78</u> |

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | |
|-------------------------------------|-------------|----------------------------|
| Balance, December 31, 2016 (Due To) | C | \$ 556.02 |
| Increased by: | | |
| Receipts | C-2 | <u>12,231.47</u> |
| | | \$ <u>12,787.49</u> |
| Decreased by: | | |
| Disbursements | C-2 | \$ <u><u>12,787.49</u></u> |

"C-14"

TOWN OF PHILLIPSBURG

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-----------------------------|----------------------------------------------|--------------------------------------|
| 15-17 | Installation of New Town Phone System | \$ 10,100.00 |
| 17-03 | Preliminary Costs for New Municipal Building | 285,000.00 |
| 17-06 | Various Capital Improvements | <u>830.00</u> |
| | | <u>\$ 295,930.00</u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>OPERATING</u> | <u>CAPITAL</u> |
|-------------------------------------------|-------------|-------------------------------|-------------------------------|
| Balance, December 31, 2016 | D | \$ <u>2,320,339.25</u> | \$ <u>3,616,320.47</u> |
| Increased by Receipts: | | | |
| Utility Collector | D-6 | \$ 1,601,706.33 | \$ |
| Sewer Use Charges | D-3 | 2,222,712.56 | |
| Miscellaneous Revenue Not Anticipated | D-3 | 199,388.10 | |
| Interfunds | D-9:D-29 | 151,074.41 | 16,172.55 |
| NJEIT Loan Receivable - Trust | D-27 | | 81,612.00 |
| NJEIT Loan Receivable - Fund | D-28 | | 244,839.00 |
| Capital Improvement Fund | D-24 | | 150,000.00 |
| | | \$ <u>4,174,881.40</u> | \$ <u>492,623.55</u> |
| | | \$ <u>6,495,220.65</u> | \$ <u>4,108,944.02</u> |
| Decreased by Disbursements: | | | |
| 2017 Budget Appropriations | D-4 | \$ 3,299,309.52 | \$ |
| 2016 Appropriation Reserves | D-15 | 198,418.17 | |
| Interfunds | D-9:D-29 | 841.67 | 167,155.29 |
| Accrued Interest on Loans | D-13 | 108,078.14 | |
| Contracts Payable | D-20 | | 451,602.39 |
| Anticipated Revenue - Current Fund Budget | D-1 | 175,000.00 | |
| | | \$ <u>3,781,647.50</u> | \$ <u>618,757.68</u> |
| Balance, December 31, 2017 | D:D-7 | \$ <u><u>2,713,573.15</u></u> | \$ <u><u>3,490,186.34</u></u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF CASH - SEWER COLLECTOR

| | <u>REF.</u> | | |
|------------------------------|-------------|-----------------|----------------------------|
| Balance, December 31, 2016 | D | | \$ 62,620.22 |
| Increased by: | | | |
| Consumer Accounts Receivable | D-3:D-11 | \$ 1,543,016.51 | |
| Sewer Liens Receivable | D-3:D-10 | 1,764.64 | |
| Interest on Sewer Rents | D-3 | 12,465.24 | |
| Interest on Investments | D-3 | <u>4,503.77</u> | |
| | | | <u>1,561,750.16</u> |
| | | | \$ 1,624,370.38 |
| Decreased by: | | | |
| Disbursed to Sewer Treasurer | D-5 | | <u>1,601,706.33</u> |
| Balance, December 31, 2017 | D | | <u><u>\$ 22,664.05</u></u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH

BALANCE
DECEMBER
31, 2017

SEWER:

| | |
|--------------------------------------------------------------------------------------------------|------------------------|
| Fund Balance | \$ 558,519.78 |
| Contracts Payable | 48,295.40 |
| Interfunds Receivable/Payable | (150,000.00) |
| NJ EIT Loan Receivable - Trust | (117,015.00) |
| NJ EIT Loan Receivable - Fund | (351,039.00) |
| Improvement Authorizations - Funded: | |
| Ord. # 01-13 Preparation of Limit Analysis Study, Wastewater Man. Plan, Purchase Sewer Router | 380.68 |
| Ord. # 07-12 Improvements to Wastewater Treatment Plant | 4,883.73 |
| Ord. # 09-13 Improvements to Town Sewage Treatment Plant | 3,920.00 |
| Ord. # 12-08 Capital Purchases | 147,010.32 |
| Ord. # 13-20 Improvements to Sewage Treatment Plant | 364,784.95 |
| Ord. # 14-20 Improvements to Town Sewage Treatment Plant | 22,538.95 |
| Ord. # 15-21 Improvements to Wastewater Treatment Plant | 198,774.00 |
| Authorized but not Issued | (759,074.00) |
| Capital Improvement Fund | 2,724,180.53 |
| Reserve for Sewer Improvements | 34,952.00 |
| Unfunded Improvements Expended | <u>759,074.00</u> |
| | <u>\$ 3,490,186.34</u> |

REF.

D:D-5

"D-8"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF CHANGE FUND

REF.

Balance, December 31, 2016
and December 31, 2017

D

\$ 500.00

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF INTERFUNDS

| | <u>REF.</u> | <u>TOTAL</u> | <u>SEWER CAPITAL FUND</u> | <u>CURRENT FUND</u> |
|----------------------------|-------------|---------------|-----------------------------------|-------------------------|
| Balance, December 31, 2016 | | | | |
| Due To | D | \$ 750.00 | \$ | 750.00 |
| Due From | D | 982.74 | 982.74 | |
| | | | | |
| Receipts | D-5 | \$ 151,074.41 | \$ 151,074.41 | \$ |
| | | | | |
| Disbursements | D-5 | 841.67 | 91.67 | 750.00 |
| | | | | |
| Balance, December 31, 2017 | | | | |
| Due To | D | \$ 150,000.00 | \$ 150,000.00 | \$ |

"D-10"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF SEWER LIENS RECEIVABLE

| | <u>REF.</u> | | | |
|------------------------------|-------------|----|--------------|------------------------|
| Balance, December 31, 2016 | D | | \$ | 3,644.61 |
| Increased by: | | | | |
| Sewer Accrued | D-11 | \$ | 2,129.22 | |
| Interest & Costs on Tax Sale | | | <u>49.78</u> | |
| | | | | <u>2,179.00</u> |
| | | | \$ | <u>5,823.61</u> |
| Decreased by: | | | | |
| Receipts | D-6 | \$ | 1,764.64 | |
| Canceled | | | <u>0.09</u> | |
| | | | | <u>1,764.73</u> |
| Balance, December 31, 2017 | D | | \$ | <u><u>4,058.88</u></u> |

"D-11"

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

| | <u>REF.</u> | | |
|----------------------------|-------------|-----------------|-----------------------------|
| Balance, December 31, 2016 | D | | \$ 122,165.24 |
| Increased by: | | | |
| Sewer Charges Levied (Net) | | | 1,560,881.40 |
| | | | <u>\$ 1,683,046.64</u> |
| Decreased By: | | | |
| Collections | D-6 | \$ 1,543,016.51 | |
| Transfer to Sewer Liens | D-10 | 2,129.22 | |
| Canceled | | <u>6,290.30</u> | |
| | | | <u>1,551,436.03</u> |
| Balance, December 31, 2017 | D | | <u><u>\$ 131,610.61</u></u> |

"D-12"

SCHEDULE OF RESERVE FOR SEWER USE CHARGE OVERPAYMENTS

| | | | |
|-----------------------------------------------------|---|--|---------------------------|
| Balance, December 31, 2016 and December 31, 2017 | D | | \$ <u><u>5,827.21</u></u> |
|-----------------------------------------------------|---|--|---------------------------|

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON LOANS

| | <u>REF.</u> | |
|------------------------------|-------------|----------------------------|
| Balance, December 31, 2016 | D | \$ 52,291.67 |
| Increased by: | | |
| Budget Appropriation Charges | D-4 | <u>105,057.30</u> |
| | | \$ <u>157,348.97</u> |
| Decreased by: | | |
| Interest Paid | D-5 | <u>108,078.14</u> |
| Balance, December 31, 2017 | D | \$ <u><u>49,270.83</u></u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF ACCOUNTS PAYABLE

| | <u>REF.</u> | |
|-----------------------------|-------------|-----------------------------|
| Balance, December 31, 2016 | D | \$ 98,115.39 |
| Increased by: | | |
| 2017 Appropriations | D-4 | <u>387,525.38</u> |
| | | \$ 485,640.77 |
| Decreased by: | | |
| 2016 Appropriation Reserves | D-15 | <u>98,115.39</u> |
| Balance, December 31, 2017 | D | <u><u>\$ 387,525.38</u></u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

| | <u>BALANCE DECEMBER 31, 2016</u> | <u>BALANCE AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>BALANCE LAPSED</u> |
|----------------------------------------|------------------------------------------|-------------------------------------------|----------------------------|---------------------------|
| Operating: | | | | |
| Salaries and Wages | \$ 4,435.03 | \$ 14,435.03 | \$ 9,141.57 | \$ 5,293.46 |
| Other Expenses | 453,629.24 | 535,744.63 | 188,052.14 | 347,692.49 |
| Statutory Expenditures: | | | | |
| Contribution to Social Security System | 2,305.03 | 7,305.03 | 699.33 | 6,605.70 |
| Unemployment Compensation Insurance | 1,853.98 | 2,853.98 | 525.13 | 2,328.85 |
| | <u>\$ 462,223.28</u> | <u>\$ 560,338.67</u> | <u>\$ 198,418.17</u> | <u>\$ 361,920.50</u> |
| REF. | D | | D-5 | D-1 |
| Balance, December 31, 2016 | | \$ 462,223.28 | | |
| Transfer of Accounts Payable | | <u>98,115.39</u> | | |
| | | <u>\$ 560,338.67</u> | | |

"D-16"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>ORDINANCE DATE</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-----------------------------|----------------------------------------------------|---------------------------|------------------------------------------|----------------------|------------------------------------------|
| 01-13 | Preparation of Limit Analysis Study, Wastewater | | | | |
| | Man. Plan, Purchase Sewer Router | 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 | |
| 07-12 | Improvements to Wastewater Treatment Plant | 07/17/07 | 394,550.00 | | 394,550.00 |
| 09-13 | Improvements to Town Sewage Treatment Plant | 06/16/09 | 5,815,250.00 | 620,613.69 | 5,194,636.31 |
| 12-08 | Capital Purchases | 04/17/12 | 1,800,000.00 | 180,000.00 | 1,620,000.00 |
| 13-20 | Improvements to Sewage Treatment Plant | 10/15/13 | 7,907,500.00 | | 7,907,500.00 |
| 14-20 | Improvements to Town Sewage Treatment Plant | 10/07/14 | 2,077,000.00 | | 2,077,000.00 |
| 15-21 | Improvements to Wastewater Treatment Plant | 12/01/15 | 400,000.00 | | 400,000.00 |
| | | | <u>\$ 18,505,800.00</u> | <u>\$ 912,113.69</u> | <u>\$ 17,593,686.31</u> |
| | | <u>REF.</u> | D | | D |
| | Canceled | D-21 | | \$ 820,410.90 | |
| | Costs to Fixed Capital | D-17 | | <u>91,702.79</u> | |
| | | | | <u>\$ 912,113.69</u> | |

"D-17"

SCHEDULE OF FIXED CAPITAL

| <u>ACCOUNT</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>ADDITIONS BY ORDINANCE</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|------------------------------|------------------------------------------|-----------------------------------|------------------------------------------|
| Sewer Treatment Plant | \$ 27,176,726.85 | \$ 91,702.79 | \$ 27,268,429.64 |
| Various Capital Improvements | 201,881.57 | | 201,881.57 |
| General Equipment | <u>714,728.67</u> | | <u>714,728.67</u> |
| | <u>\$ 28,093,337.09</u> | <u>\$ 91,702.79</u> | <u>\$ 28,185,039.88</u> |
| | <u>REF.</u> | D | D |
| | | D-16 | |

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-----------------------------|-------------------------------------------------------------------------------------|-------------|------------------------------------------|----------------------|------------------------------------------|
| 01-13 | Preparation of Limit Analysis Study, Wastewater Man. Plan, Purchase Sewer Router | 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 | |
| 07-12 | Improvements to Wastewater Treatment Plant | 07/17/07 | 394,550.00 | | 394,550.00 |
| 09-13 | Improvements to Town Sewage Treatment Plant | 06/16/09 | 2,828,440.00 | 433,023.69 | 2,395,416.31 |
| 12-08 | Capital Purchases | 04/17/12 | 1,800,000.00 | 180,000.00 | 1,620,000.00 |
| 15-21 | Improvements to Wastewater Treatment Plant | 12/01/15 | 400,000.00 | | 400,000.00 |
| | | | <u>\$ 5,534,490.00</u> | <u>\$ 724,523.69</u> | <u>\$ 4,809,966.31</u> |
| | | <u>REF.</u> | <u>D</u> | | <u>D</u> |
| | Canceled Ordinance to Fund Balance | D-2 | \$ | 433,023.69 | |
| | Canceled Ordinance to Capital Improvement Fund | D-24 | | 199,797.21 | |
| | Transferred to Reserve for Amortization | D-19 | | 91,702.79 | |
| | | | \$ | <u>724,523.69</u> | |

"D-19"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>REF.</u> | | |
|----------------------------------------------------|-------------|------------------|-------------------------|
| Balance, December 31, 2016 | D | | \$ 30,190,917.77 |
| Increased by: | | | |
| Trust EIT Loan Payable Paid by Operating Budget | D-22 | \$ 145,000.00 | |
| Fund EIT Loan Payable Paid by Operating Budget | D-23 | 412,191.75 | |
| Transferred from Deferred Reserve for Amortization | D-18 | <u>91,702.79</u> | |
| | | | <u>648,894.54</u> |
| Balance, December 31, 2017 | D | | \$ <u>30,839,812.31</u> |

"D-20"

SCHEDULE OF CONTRACTS PAYABLE

| | | | |
|---------------------------------------|------|-------------------|----------------------|
| Balance, December 31, 2016 | D | | \$ 384,326.91 |
| Increased by: | | | |
| Charges to Improvement Authorizations | D-21 | | <u>231,092.11</u> |
| | | | \$ <u>615,419.02</u> |
| Decreased by: | | | |
| Disbursements | D-5 | \$ 451,602.39 | |
| Contracts Payable Canceled | D-21 | <u>115,521.23</u> | |
| | | | <u>567,123.62</u> |
| Balance, December 31, 2017 | D | | \$ <u>48,295.40</u> |

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE | IMPROVEMENT DESCRIPTION | ORDINANCE AMOUNT | BALANCE, DECEMBER 31, 2016 | | CONTRACTS PAYABLE CANCELED | DECREASED | BALANCE, DECEMBER 31, 2017 | |
|-----------|----------------------------------------------------|---------------------|----------------------------|----------------------|----------------------------------|------------------------|----------------------------|----------------------|
| | | | FUNDED | UNFUNDED | | | FUNDED | UNFUNDED |
| 01-13 | Preparation of Limit Analysis Study, Wastewater | \$ 96,000.00 | \$ 10,229.96 | \$ | \$ 380.68 | \$ 10,229.96 | \$ 380.68 | \$ |
| 03-01 | Man. Plan, Purchase Sewer Router | 15,500.00 | 9,567.25 | | | 9,567.25 | | |
| 07-12 | Additional Services for Wastewater Management Plan | 394,550.00 | 5,168.84 | | | 285.11 | 4,883.73 | |
| 09-13 | Improvements to Wastewater Treatment Plant | 5,815,250.00 | 436,943.69 | 187,590.00 | | 620,613.69 | 3,920.00 | |
| 12-08 | Improvements to Town Sewage Treatment Plant | 1,800,000.00 | 521,036.85 | | | 374,026.53 | 147,010.32 | |
| 13-20 | Capital Purchases | 7,907,500.00 | 401,565.42 | 145,000.00 | | 36,780.47 | 364,784.95 | 145,000.00 |
| 14-20 | Improvements to Sewage Treatment Plant | 2,077,000.00 | 22,487.40 | 614,074.00 | 51.55 | | 22,538.95 | 614,074.00 |
| 15-21 | Improvements to Town Sewage Treatment Plant | 400,000.00 | 83,685.00 | | 115,089.00 | | 198,774.00 | |
| | | | <u>\$ 1,490,684.41</u> | <u>\$ 946,664.00</u> | <u>\$ 115,521.23</u> | <u>\$ 1,051,503.01</u> | <u>\$ 742,292.63</u> | <u>\$ 759,074.00</u> |
| REF. | | | D | D | D-20 | | D | D |
| D-16 | Improvement Authorizations Canceled | | | | | \$ 820,410.90 | | |
| D-20 | Contracts Payable | | | | | <u>231,092.11</u> | | |
| | | | | | | <u>\$ 1,051,503.01</u> | | |

"D-22"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST

| | <u>REF.</u> | |
|----------------------------|-------------|------------------------|
| Balance, December 31, 2016 | D | \$ 3,165,000.00 |
| Decreased by: | | |
| Loans Paid by Budget | D-19 | <u>145,000.00</u> |
| Balance, December 31, 2017 | D | <u>\$ 3,020,000.00</u> |

"D-23"

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND

| | | |
|----------------------------|------|------------------------|
| Balance, December 31, 2016 | D | \$ 6,762,065.32 |
| Increased by: | | |
| Sale of Loans | D-33 | <u>\$ 713,833.00</u> |
| Decreased by: | | |
| Loans Paid by Budget | D-19 | <u>412,191.75</u> |
| Balance, December 31, 2017 | D | <u>\$ 6,349,873.57</u> |

"D-24"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | | |
|----------------------------|-------------|-------------------|------------------------|
| Balance, December 31, 2016 | D | | \$ 2,374,383.32 |
| Increased by: | | | |
| 2017 Budget Appropriation | D-5 | \$ 150,000.00 | |
| Canceled Ordinance | D-18 | <u>199,797.21</u> | |
| | | | <u>349,797.21</u> |
| Balance, December 31, 2017 | D | | \$ <u>2,724,180.53</u> |

"D-25"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR SEWER IMPROVEMENTS

REF.

Balance, December 31, 2016
and December 31, 2017

D

\$ 34,952.00

"D-26"

SCHEDULE OF RESERVE FOR NJEIT LOAN RECEIVABLE

Balance, December 31, 2016

D

\$ 103,730.82

Decreased by:
Canceled

D-27

\$ 103,730.82

"D-27"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF NJEIT LOAN RECEIVABLE - TRUST

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2016 | D | \$ | 361,201.82 |
| Decreased by: | | | |
| Receipts | D-5 | \$ | 81,612.00 |
| Canceled- From Reserve | D-26 | | 103,730.82 |
| Canceled- Fund Balance | D-2 | | <u>58,844.00</u> |
| | | | <u>244,186.82</u> |
| Balance, December 31, 2017 | D | \$ | <u><u>117,015.00</u></u> |

"D-28"

SCHEDULE OF NJEIT LOAN RECEIVABLE - FUND

| | | | |
|----------------------------|-----|----|--------------------------|
| Balance, December 31, 2016 | D | \$ | 595,878.00 |
| Decreased by: | | | |
| Receipts | D-5 | | <u>244,839.00</u> |
| Balance, December 31, 2017 | D | \$ | <u><u>351,039.00</u></u> |

"D-29"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

| | <u>REF.</u> | <u>SEWER UTILITY FUND</u> |
|----------------------------|-------------|-----------------------------------|
| Balance, December 31, 2016 | | |
| Due To | D | \$ 982.74 |
| Increased by: | | |
| Receipts | D-5 | 16,172.55 |
| | | <u>\$ 17,155.29</u> |
| Decreased by: | | |
| Disbursements | D-5 | <u>167,155.29</u> |
| Balance, December 31, 2017 | | |
| Due From | D | <u><u>\$ 150,000.00</u></u> |

"D-30"

TOWN OF PHILLIPSBURG

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|------------------|---------------------------------------------|------------------------------------------|
| | Sewer Utility Capital Fund: | |
| 13-20 | Improvements to Town Sewage Treatment Plant | \$ 145,000.00 |
| 14-20 | Improvements to Town Sewage Treatment Plant | <u>614,074.00</u> |
| | | <u>\$ 759,074.00</u> |

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TOWN OF PHILLIPSBURG

PART II

SINGLE AUDIT SECTION

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Town of Phillipsburg, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's regulatory financial statements, and have issued our report thereon dated May 22, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Town of Phillipsburg prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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 entity'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 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.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 22, 2018



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Phillipsburg's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Phillipsburg's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Phillipsburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

May 22, 2018

TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

| FEDERAL C.F.D.A. NUMBER | GRANTOR'S NUMBER | GRANT AWARD AMOUNT | GRANT PERIOD | | 2017 RECEIPTS | 2017 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2017 |
|--------------------------------------------------|-------------------------|--------------------------|--------------|------------|------------------|----------------------|----------------------------------------------------|
| | | | FROM | TO | | | |
| U.S. Department of Housing and Urban Development | | | | | | | |
| 14.871 | NJ-088-VO | \$ 1,626,459.00 | 1/1/2017 | 12/31/2017 | \$ 1,535,501.00 | \$ 1,626,459.00 | \$ 1,626,459.00 |
| 14.871 | NJ-088-AF | 200,023.00 | 1/1/2017 | 12/31/2017 | 182,730.00 | 161,199.29 | 161,199.29 |
| 14.228 | 2017-02292-0247-00 | 290,000.00 | 1/1/2017 | 12/31/2018 | 1,718,231.00 | 34,800.00 | 34,800.00 |
| | | | | | | 1,822,458.29 | 1,822,458.29 |
| U.S. Department of Health and Human Services | | | | | | | |
| 93.558 | 1701NJTANF | 54,500.00 | 7/1/2016 | 6/30/2017 | 15,148.00 | 15,148.00 | 54,500.00 |
| 93.558 | 1801NJTANF | 54,500.00 | 7/1/2017 | 6/30/2018 | 1,551.00 | 1,551.00 | 1,551.00 |
| | | | | | \$ 16,699.00 | \$ 16,699.00 | \$ 56,051.00 |
| U.S. Department of the Interior | | | | | | | |
| 15.921 | N/A | \$ 3,912.70 | 1/1/2014 | 12/31/2016 | \$ | \$ | \$ 3,634.04 |
| | | | | | \$ | \$ | \$ 3,634.04 |
| U.S. Department of Justice | | | | | | | |
| 16.607 | N/A | 3,960.00 | 1/1/2016 | 12/31/2016 | \$ | \$ 3,960.00 | \$ 3,960.00 |
| 16.607 | N/A | 6,611.91 | 1/1/2017 | 12/31/2017 | | 2,117.23 | 2,117.23 |
| 16.710 | N/A | 104,167.00 | 9/1/2014 | 8/31/2017 | 26,714.29 | 20,491.93 | 104,167.00 |
| 16.710 | N/A | 20,833.00 | 7/1/2016 | 6/30/2018 | 20,715.98 | 20,715.98 | 20,715.98 |
| | | | | | \$ 47,430.27 | \$ 47,285.14 | \$ 130,960.21 |
| U.S. Department of Labor | | | | | | | |
| | | | | | | | |
| 17.258 | AA-30952-16-55-A-34 | 285,340.00 | 7/1/2016 | 6/30/2017 | \$ 233,801.00 | \$ 270,192.00 | \$ 285,340.00 |
| 17.258 | AA-30952-17-55-A-34 | 295,500.00 | 7/1/2017 | 6/30/2018 | 11,295.00 | 7,791.00 | 7,791.00 |
| | | | | | \$ 245,096.00 | \$ 277,983.00 | \$ 293,131.00 |
| Environmental Protection Agency | | | | | | | |
| 66.458 | N/A | 283,208.00 | 1/1/2015 | 12/31/2016 | \$ 8,814.00 | \$ 8,814.00 | \$ 260,697.00 |
| | | | | | \$ 8,814.00 | \$ 8,814.00 | \$ 260,697.00 |
| U.S. Department of Law and Public Safety | | | | | | | |
| 20.616 | N/A | 5,500.00 | 1/1/2017 | 12/31/2017 | \$ 5,500.00 | \$ 5,500.00 | \$ 5,500.00 |
| 97.036 | 066-1200-100-B80-068460 | 12,148.46 | 1/1/2017 | 12/31/2017 | 12,148.46 | 12,148.46 | 12,148.46 |
| | | | | | \$ 17,648.46 | \$ 17,648.46 | \$ 17,648.46 |
| | | | | | \$ 2,053,918.73 | \$ 2,190,887.89 | \$ 2,584,580.00 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | | | | |

TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

| STATE GRANTOR/PROGRAM TITLE | STATE ACCOUNT NUMBER | GRANT PERIOD FROM TO | GRANT AWARD AMOUNT | 2017 RECEIPTS | 2017 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2017 |
|-----------------------------------------------------|---------------------------------|-------------------------|--------------------------|------------------|----------------------|----------------------------------------------------|
| <u>Department of Environmental Protection</u> | | | | | | |
| NJ Environmental Infrastructure Trust Loan Program: | | | | | | |
| 2014A Trust Loan | S340874-05 | 5/1/2014 5/1/2017 | \$ 1,952,500.00 | \$ 80,902.00 | \$ 80,902.00 | \$ 1,875,993.00 |
| 2014A Fund Loan | S340874-05 | 5/1/2014 5/1/2017 | 5,857,500.00 | 210,049.00 | 210,049.00 | 5,595,324.00 |
| 2015A Trust Loan | S340874-07 | 5/1/2015 5/1/2018 | 372,642.00 | 710.00 | 710.00 | 332,134.00 |
| 2015A Fund Loan | S340874-07 | 5/1/2015 5/1/2018 | 834,718.00 | 25,976.00 | 25,976.00 | 768,366.00 |
| Clean Communities Program | | | | | | |
| 2014 | 765-042-4900-004-VCMC-6020 | 01/01/14 12/31/17 | 28,446.65 | | 161.05 | 28,446.65 |
| 2016 | 765-042-4900-004-VCMC-6020 | 01/01/16 12/31/17 | 39,543.39 | | 11,693.70 | 39,543.39 |
| 2017 | 765-042-4900-004-VCMC-6020 | 01/01/17 12/31/18 | 33,594.59 | 33,594.59 | 23,080.09 | 23,080.09 |
| Recycling Tonnage Program | | | | | | |
| 2012 | 752-042-4900-001-V42Y-6020 | Continuous | 29,353.46 | | 1,121.00 | 29,353.46 |
| 2013 | 752-042-4900-001-V42Y-6020 | Continuous | 22,521.00 | | 12,553.74 | 22,521.00 |
| 2014 | 752-042-4900-001-V42Y-6020 | Continuous | 21,252.00 | | 21,214.00 | 21,214.00 |
| 2015 | 752-042-4900-001-V42Y-6020 | Continuous | 21,700.53 | | 16,046.15 | 16,046.15 |
| 2016 | 752-042-4900-001-V42Y-6020 | Continuous | 29,120.61 | | 6,700.00 | 6,700.00 |
| 2017 | 752-042-4900-001-V42Y-6020 | Continuous | 20,124.00 | 20,124.00 | | |
| Supplemental Environmental Project - McWane Ductile | | 12/01/16 01/01/18 | 73,500.00 | 73,500.00 | 49,287.57 | 49,287.57 |
| | | | \$ | \$ 444,855.59 | \$ 459,494.30 | \$ 8,808,009.31 |
| <u>Department of Law and Public Safety</u> | | | | | | |
| Drunk Driving Enforcement Fund | | | | | | |
| 2014 | 6400-100-078-6400-YYYY | Continuous | 11,217.08 | \$ | 358.00 | 11,127.09 |
| 2015 | 6400-100-078-6400-YYYY | Continuous | 2,918.77 | | 512.00 | 512.00 |
| Body Armor Replacement Fund | | | | | | |
| 2014 | 1020-718-066-1020-001-YCJF-0120 | Continuous | 8,230.94 | | 3,621.00 | 8,230.94 |
| 2015 | 1020-718-066-1020-001-YCJF-0120 | Continuous | 3,615.18 | | | 3,615.18 |
| 2016 | 1020-718-066-1020-001-YCJF-0120 | Continuous | 3,467.35 | | 3,467.35 | 3,467.35 |
| 2017 | 1020-718-066-1020-001-YCJF-0120 | Continuous | 3,392.42 | 3,392.42 | 3,392.42 | 3,392.42 |
| Division of State Police | | | | | | |
| CERT Trailer Equipment & Supply | 066-1200-100-994-2340 | Continuous | 1,500.00 | | 151.18 | 1,500.00 |
| | | | \$ | \$ 3,392.42 | \$ 11,501.95 | \$ 31,844.98 |
| <u>State of NJ Highlands Council</u> | | | | | | |
| 2009 Plan Conformance Grant | 082-2078-100-033-290220 | Continuous | \$ 138,230.00 | \$ | 39,765.00 | 54,398.89 |
| <u>Pass Through from County of Warren</u> | | | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | |
| 2016 | SC-ALL-10-03 | 07/01/16 06/30/17 | 12,440.00 | \$ 12,414.92 | \$ 11,874.92 | 12,414.92 |
| 2017 | SC-ALL-14-03 | 07/01/17 06/30/18 | 12,440.00 | \$ 12,414.92 | \$ 11,874.92 | 12,414.92 |

TOWN OF PHILLIPSBURG
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017

| <u>STATE GRANTOR/PROGRAM TITLE</u> | <u>STATE ACCOUNT NUMBER</u> | <u>GRANT PERIOD</u> <u>FROM TO</u> | <u>GRANT AWARD AMOUNT</u> | <u>2017 RECEIPTS</u> | <u>2017 EXPENDITURES</u> | <u>CUMULATIVE EXPENDITURES DECEMBER 31, 2017</u> |
|-------------------------------------------------------------|-----------------------------|---------------------------------------|---------------------------|----------------------|--------------------------|--------------------------------------------------|
| <u>Department of Labor and Workforce Development</u> | | | | | | |
| N.J. Youth Corps - 2016 | 100-4545-314 | 07/01/16 06/30/17 | 234,340.00 \$ | | 3,339.00 \$ | 234,340.00 |
| N.J. Youth Corps - 2017 | 100-4545-314 | 07/01/17 06/30/18 | 244,500.00 | 222,679.00 | 185,458.00 | 185,458.00 |
| | | | | <u>222,679.00 \$</u> | <u>188,797.00 \$</u> | <u>419,798.00</u> |
| <u>Department of Transportation</u> | | | | | | |
| Municipal Aid - 2013 - Stigreaves Street | NA | Continuous | 267,260.00 \$ | 66,815.00 \$ | | 267,260.00 |
| Municipal Aid - 2013 - Washington St | 078-6320-480-ALM-600084 | Continuous | 449,976.82 | 112,500.00 | | 449,976.82 |
| Municipal Aid - 2014 - South Main Street Phase VI | 078-6320-480-AL2-600855 | Continuous | 220,000.00 | 59,427.50 | | 220,000.00 |
| Municipal Aid - 2015 - South Main Street Phase VII | 078-6320-480-AL2-600855 | Continuous | 274,581.00 | 68,645.25 | | 274,581.00 |
| | | | | <u>307,387.75 \$</u> | | <u>1,211,817.82</u> |
| <u>TOTAL STATE AID AND STATE GRANT FINANCIAL ASSISTANCE</u> | | | <u>\$ 990,729.68</u> | <u>\$ 711,433.17</u> | | <u>10,538,283.92</u> |

TOWN OF PHILLIPSBURG

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule of expenditures agree with the amounts reported in the related federal financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedule agree with amounts reported in the Town's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund or Other Trust Fund.

Receipts:

| | <u>Federal</u> |
|------------------|------------------------|
| Current Fund | \$ 12,148.46 |
| Grant Fund | 276,109.00 |
| Other Trust Fund | <u>1,718,231.00</u> |
| | \$ <u>2,006,488.46</u> |

Expenditures:

| | <u>Federal</u> |
|------------------|------------------------|
| Current Fund | \$ 12,148.46 |
| Grant Fund | 391,081.14 |
| Other Trust Fund | <u>1,787,658.29</u> |
| | \$ <u>2,190,887.89</u> |

NOTE 5. OTHER

Matching contributions expended by the Town in accordance with terms of the various grants are not reported in the accompanying schedules.

TOWN OF PHILLIPSBURG
WARREN COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Programs(s)

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

| <u>Program</u> | <u>C.F.D.A. #</u> |
|---------------------------------------------------|-------------------|
| U.S. Department of Housing and Urban Development: | |
| Section 8 Housing Assistance Program | 14.871 |
| U.S. Department of Labor: | |
| Job Training Partnership Act (WIA) | 17.258 |

TOWN OF PHILLIPSBURG
WARREN COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Federal Program(s) (Continued)

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$750,000.00

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

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

State Program(s) – Not Applicable

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

Internal Control Findings

None Reported.

Compliance Findings

None Reported

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

Federal Programs - None Reported

Status of Prior Year Audit Findings

Finding 2016-001

Condition: *U.S. Department of Urban Housing Development ("HUD")* - 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.

Current Status: The condition has been corrected.

PART III

TOWN OF PHILLIPSBURG

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

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

| | YEAR 2017 | | YEAR 2016 | |
|------------------------------------------|-------------------------|----------------|-------------------------|----------------|
| | AMOUNT | % | AMOUNT | % |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 1,150,000.00 | 3.15% | \$ 900,000.00 | 2.53% |
| Miscellaneous - From Other Than | | | | |
| Local Property Tax Levies | 7,383,400.00 | 20.23% | 6,978,092.28 | 19.63% |
| Collection of Delinquent Taxes | | | | |
| and Tax Title Liens | 1,069,793.98 | 2.93% | 975,880.15 | 2.75% |
| Collections of Current Tax Levy | 26,895,335.25 | 73.69% | 26,694,514.04 | 75.09% |
| <u>Total Revenue</u> | <u>\$ 36,498,529.23</u> | <u>100.00%</u> | <u>\$ 35,548,486.47</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 17,347,661.75 | 49.95% | \$ 16,942,436.71 | 50.30% |
| County Taxes | 5,286,884.22 | 15.22% | 5,336,605.27 | 15.84% |
| Regional School Taxes | 11,828,763.00 | 34.06% | 11,400,147.00 | 33.84% |
| Other Expenditures | 265,561.85 | 0.77% | 4,469.64 | 0.02% |
| <u>Total Expenditures</u> | <u>\$ 34,728,870.82</u> | <u>100.00%</u> | <u>\$ 33,683,658.62</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 1,769,658.41 | | \$ 1,864,827.85 | |
| Fund Balance - January 1 | 2,862,326.36 | | 1,897,498.51 | |
| | \$ 4,631,984.77 | | \$ 3,762,326.36 | |
| Less: Utilization as Anticipated Revenue | 1,150,000.00 | | 900,000.00 | |
| Fund Balance, December 31 | <u>\$ 3,481,984.77</u> | | <u>\$ 2,862,326.36</u> | |

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

| | YEAR 2017 | | YEAR 2016 | |
|-------------------------------------------------------------|-----------------------------|-----------------------------|------------------------|----------------|
| | AMOUNT | % | AMOUNT | % |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 423,000.00 | 8.87% | \$ 397,500.00 | 8.28% |
| Collection of Sewer Use Charges | 3,767,493.71 | 79.00% | 3,677,538.56 | 76.61% |
| Miscellaneous | <u>578,277.61</u> | <u>12.13%</u> | <u>725,473.01</u> | <u>15.11%</u> |
| <u>Total Revenue</u> | <u>\$ 4,768,771.32</u> | <u>100.00%</u> | <u>\$ 4,800,511.57</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Operating | \$ 3,203,000.00 | 78.51% | \$ 3,122,000.00 | 75.69% |
| Capital Improvements | 150,000.00 | 3.68% | 250,000.00 | 6.06% |
| Deferred Charges and Statutory Expenditures | 30,000.00 | 0.74% | 28,000.00 | 0.68% |
| Debt Service | 696,557.30 | 17.07% | 715,025.01 | 17.33% |
| Miscellaneous | <u> </u> | <u> </u> | <u>9,792.01</u> | <u>0.24%</u> |
| <u>Total Expenditures</u> | <u>\$ 4,079,557.30</u> | <u>100.00%</u> | <u>\$ 4,124,817.02</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 689,214.02 | | \$ 675,694.55 | |
| Fund Balance, January 1 | <u>1,765,234.66</u> | | <u>1,762,040.11</u> | |
| | \$ 2,454,448.68 | | \$ 2,437,734.66 | |
| Decreased by: | | | | |
| Utilization as Anticipated Revenue | 423,000.00 | | 397,500.00 | |
| Prior Year Fund Balance Anticipated as Current Fund Revenue | <u>175,000.00</u> | | <u>275,000.00</u> | |
| Fund Balance, December 31 | <u>\$ 1,856,448.68</u> | | <u>\$ 1,765,234.66</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------------|----------------|----------------|----------------|
| Tax Rate | <u>\$3.963</u> | <u>\$3.902</u> | <u>\$3.872</u> |
| Appointment of Tax Rate: | | | |
| Municipal | \$1.557 | \$1.551 | \$1.506 |
| County | 0.743 | 0.747 | 0.842 |
| Local School | <u>1.663</u> | <u>1.604</u> | <u>1.524</u> |

Assessed Valuation:

| | | | |
|-----------|--------------------------|--------------------------|--------------------------|
| Year 2017 | \$ <u>711,670,868.00</u> | | |
| Year 2016 | | \$ <u>710,810,350.00</u> | |
| Year 2015 | | | \$ <u>712,506,551.00</u> |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>YEAR</u> | <u>TAX LEVY</u> | <u>CURRENTLY</u> | |
|-------------|-----------------|-----------------------------|-----------------------------------------|
| | | <u>CASH COLLECTIONS</u> | <u>PERCENTAGE OF COLLECTION</u> |
| 2017 | \$28,233,124.21 | \$27,045,335.25 | 95.79% |
| 2016 | 27,916,861.86 | 26,894,514.04 | 96.34% |
| 2015 | 27,604,749.97 | 26,489,774.74 | 95.96% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>DECEMBER 31, YEAR</u> | <u>AMOUNT OF TAX TITLE LIENS</u> | <u>AMOUNT OF DELINQUENT TAXES</u> | <u>TOTAL DELINQUENT</u> | <u>PERCENTAGE OF TAX LEVY</u> |
|------------------------------|------------------------------------------|-------------------------------------------|-----------------------------|---------------------------------------|
| 2017 | \$207,099.10 | \$1,083,993.85 | \$1,291,092.95 | 4.57% |
| 2016 | 261,932.22 | 971,147.26 | 1,233,079.48 | 4.42% |
| 2015 | 219,210.39 | 971,176.03 | 1,190,386.42 | 4.31% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|----------------|
| 2017 | \$1,572,600.00 |
| 2016 | 1,572,600.00 |
| 2015 | 1,776,000.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE DECEMBER 31</u> | <u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u> | |
|------------------------------|-------------|--------------------------------|--------------------------------------------------------------|---|
| Current Fund | 2017 | \$ 3,481,984.77 | \$ 1,275,000.00 | * |
| | 2016 | 2,862,326.36 | 1,150,000.00 | |
| | 2015 | 1,896,969.51 | 900,000.00 | |
| | 2014 | 2,467,710.88 | 1,000,000.00 | |
| | 2013 | 2,656,434.36 | 1,000,000.00 | |
| Sewer Utility Operating Fund | 2017 | \$ 1,856,448.68 | \$ 523,873.00 | * |
| | 2016 | 1,765,234.66 | 423,000.00 | |
| | 2015 | 1,762,040.11 | 397,500.00 | |
| | 2014 | 1,570,778.82 | 200,000.00 | |
| | 2013 | 1,569,460.18 | 426,374.64 | |

* Per Introduced Budget

EQUALIZED VALUATIONS - REAL PROPERTY

| | |
|------|------------------|
| 2017 | \$729,568,956.00 |
| 2016 | 729,756,799.00 |
| 2015 | 762,450,526.00 |

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>NAME</u> | <u>TITLE</u> | <u>AMOUNT OF BOND</u> | <u>NAME OF SURETY</u> |
|-------------------|------------------------------|---------------------------|--------------------------------|
| Stephen R. Ellis | Mayor | | |
| Todd M. Tersigni | Council Member - President | | |
| Joshua Davis | Council Member | | |
| Bernie Fey, Jr. | Council Member | | |
| Mark Lutz | Council Member | | |
| Randy Piazza, Sr. | Council Member | | |
| 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 | | |
| Stanley J. Schrek | Engineer | | |
| James Swick | Municipal Court Judge | | |
| Lauri Kaulius | Court Administrator | * | |
| Robert Stettner | Police Chief | * | |
| Kevin Duddy | Construction Code Official | * | |
| John Fritts | Zoning Officer (until March) | * | |

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

All of the bonds were examined and were properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

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

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Town Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Walters Park Splash Pad
Crosswalk Replacement at Various Locations

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

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

During our audit the following instances were noted where purchases were not in compliance with Local Public Contracts Law:

Professional service contracts awarded without not to exceed amounts.
Purchases over the bid threshold not awarded by Resolution.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

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

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on June 8, 2017 and was complete.

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

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

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2017 | 26 |
| 2016 | 22 |
| 2015 | 19 |
| 2014 | 24 |
| 2013 | 23 |

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

| <u>TYPE</u> | |
|----------------------------------|----|
| Payments of 2018 Taxes | 50 |
| Payments of 2017 Taxes | 50 |
| Delinquent Taxes | 25 |
| Payment of Sewer Utility Charges | 50 |
| Delinquent Sewer Utility Charges | 25 |

OTHER COMMENTS

Interfunds

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

Community Development Block Grant Revolving Loan Program

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

RECOMMENDATIONS

That all purchases be made in compliance with the Local Public Contracts Laws.

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

*Prior year audit recommendation

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000

