

*TOWN OF PHILLIPSBURG*

*COUNTY OF WARREN*

*REPORT OF AUDIT*

*2020*

*NISIVOCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
REPORT OF AUDIT  
2020

TOWN OF PHILLIPSBURG  
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TOWN OF PHILLIPSBURG  
PART I  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA  
YEAR ENDED DECEMBER 31, 2020



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Independent Member  
BKR International

## Independent Auditors' Report

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

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

We have audited the financial statements – *regulatory basis* - of the various funds of the Town of Phillipsburg in the County of Warren (the "Town") as of and for the year ended December 31, 2020, and the related notes to the 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Town as of December 31, 2020 and 2019, or the changes in financial position or where applicable cash flows, thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Town as of December 31, 2020 and 2019, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

The financial statements of the Town as of December 31, 2019 were audited by other auditors whose report dated June 16, 2020 expressed an unmodified opinion on those statements.

***Supplementary Information***

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

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

The Honorable Mayor and Members  
of the Town Committee  
Town of Phillipsburg  
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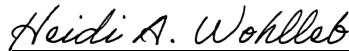
schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021 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 solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 3, 2021

  
NISIVOCCIA LLP



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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
CURRENT FUND

TOWN OF PHILLIPSBURG  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019 Restated</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 8,985,105.02	\$ 5,012,441.51
Cash - Collector	A-5	2,340,347.03	6,679,781.97
Cash - Clerk	A-5a	6,132.10	3,992.21
Change Funds		1,869.00	1,869.00
Petty Cash		250.00	
		<u>11,333,703.15</u>	<u>11,698,084.69</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	950,009.48	993,707.46
Tax Title Liens Receivable	A-8	174,669.86	175,390.64
Property Acquired for Taxes at Assessed			
Valuation		1,967,900.00	1,849,700.00
Municipal Lien Charges Receivable	A-8a	77,748.19	21,668.92
Municipal Charges Receivable	A-8b	9,347.50	16,125.00
Revenue Accounts Receivable	A-9	5,905.31	11,364.00
Due from:			
General Capital Fund	C	852.22	193.83
Animal Control Fund	B	7.00	
Claims Account		980.40	548.11
Payroll Accounts		366.19	91.51
Total Receivables and Other Assets			
With Full Reserves	A	<u>3,187,786.15</u>	<u>3,068,789.47</u>
Deferred Charges:			
Special Emergency Authorization		520,000.00	160,000.00
Emergency Authorization			36,000.00
		<u>520,000.00</u>	<u>196,000.00</u>
Total Regular Fund		<u>15,041,489.30</u>	<u>14,962,874.16</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-10	1,820,814.67	2,007,159.69
Due from Current Fund	A	532,920.43	365,513.47
		<u>2,353,735.10</u>	<u>2,372,673.16</u>
<u>TOTAL ASSETS</u>		\$ 17,395,224.40	\$ 17,335,547.32

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2020</u>	<u>2019 Restated</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 952,441.41	\$ 990,132.46
Encumbered	A-3;A-11	237,154.34	340,019.41
Total Appropriation Reserves		1,189,595.75	1,330,151.87
Accounts Payable - Vendors		36,997.94	91,424.63
Prepaid Taxes		397,083.75	189,043.54
Tax Overpayments		2,373.70	3,495.00
County Taxes Payable		6,774.63	5,527.75
County Taxes Payable - Payment in Lieu of Taxes		5,544.93	
Local School Taxes Payable	A-12	2,546,913.50	2,424,110.46
Municipal Library Taxes Payable			
Due to:			
Federal and State Grant Fund	A	532,920.43	365,513.47
Other Trust Funds	B	556,322.03	418,571.67
State of New Jersey:			
Senior Citizen and Veteran Deductions		41,121.27	42,166.48
Marriage License Fees		1,273.00	925.00
Construction Code DCA		1,741.00	2,291.00
Dog License Fees		1.20	1.20
Reserve for:			
Library		104,946.89	210,750.62
Sale of Municipal Assets		1,441,396.19	1,981,396.19
Redemption of Outside Liens		252.78	
Revaluation		2,376.02	3,376.02
Tax Appeals		267,919.89	267,919.89
Digital Tax Maps		13,710.00	13,710.00
		7,149,264.90	7,350,374.79
Reserve for Receivables and Other Assets	A	3,187,786.15	3,068,789.47
Fund Balance	A-1	4,704,438.25	4,543,709.90
Total Regular Fund		15,041,489.30	14,962,874.16
Federal and State Grant Fund:			
Appropriated Reserves	A-13	2,146,613.70	2,358,345.94
Reserve for Encumbrances		207,121.40	14,327.22
Total Federal and State Grant Fund		2,353,735.10	2,372,673.16
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 17,395,224.40</u>	<u>\$ 17,335,547.32</u>

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

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

		Year Ended December 31,	
	<u>Ref.</u>	2020	2019 Restated
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,485,000.00	\$ 1,600,000.00
Miscellaneous Revenue Anticipated		5,885,610.21	6,953,283.92
Receipts from:			
Delinquent Taxes		979,403.52	1,263,186.43
Current Taxes		27,821,505.83	27,358,956.39
Nonbudget Revenue		627,128.40	371,739.29
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		330,024.62	784,951.48
Cancellation of Reserves			21,600.00
Cancellation of Prior Year Accounts Payable			7,718.00
Interfunds and Other Receivables Returned		833.45	1,269.26
Total Income		<u>37,129,506.03</u>	<u>38,362,704.77</u>
<u>Expenditures</u>			
Budget Appropriations		18,179,477.73	18,538,303.21
County Taxes		4,882,111.41	4,873,261.07
Municipal Open Space Taxes		142,463.12	141,441.78
Local School District Taxes		12,660,913.00	12,415,307.00
Refund of Prior Year Revenue		14,796.34	4,836.57
Prior Year Senior Citizens' Deductions Disallowed		1,810.27	
Interfunds and Other Receivables Advanced		2,205.81	63.88
Total Expenditures		<u>35,883,777.68</u>	<u>35,973,213.51</u>
Excess in Revenue		1,245,728.35	2,389,491.26
Adjustments before Fund Balance:			
Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years		<u>400,000.00</u>	<u>36,000.00</u>
Statutory Excess to Fund Balance		1,645,728.35	2,425,491.26
<u>Fund Balance</u>			
Balance January 1		<u>4,543,709.90</u>	<u>3,718,218.64</u>
		6,189,438.25	6,143,709.90
Decreased by:			
Utilized as Anticipated Revenue		<u>1,485,000.00</u>	<u>1,600,000.00</u>
Balance December 31	A	<u>\$ 4,704,438.25</u>	<u>\$ 4,543,709.90</u>

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

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,485,000.00		\$ 1,485,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	30,000.00		34,050.00	\$ 4,050.00
Other	3,500.00		1,162.00	2,338.00 *
Fees and Permits	330,000.00		199,105.62	130,894.38 *
Fines and Costs:				
Municipal Court	145,000.00		111,570.76	33,429.24 *
Interest and Costs on Taxes	190,000.00		197,416.97	7,416.97
Parking Meters	8,000.00		4,980.00	3,020.00 *
Interest on Investments and Deposits	93,500.00		114,809.33	
Payment in Lieu of Taxes - Federal Housing Project	155,194.00		168,526.64	13,332.64
Payment in Lieu of Taxes - Sewage Treatment	83,500.00		83,500.00	
Payment in Lieu of Taxes - Phillipmain, LLC	6,583.00		5,684.48	898.52 *
Consolidated Municipal Property Tax Relief Aid	201,387.00		201,387.00	
Energy Receipts Tax	1,804,014.00		1,804,014.00	
Uniform Construction Code Fees	600,000.00		408,561.00	191,439.00 *
Shared Service Agreement - Borough of Alpha:				
Police Services	425,000.00		425,000.00	
Municipal Court	23,400.00		23,400.00	
Recycling Tonnage Grant		\$ 19,545.00	19,545.00	
Municipal Alliance on Alcoholism and Drug Abuse:		4,979.00	4,979.00	
2020 School Resource Officer		206,000.00	206,000.00	
Station House Adjustment Program		14,476.00	14,476.00	
N.J. Youth Corps - 2020 - ALWY21N		478,134.00	478,134.00	
Clean Communities Program - 2020		32,610.99	32,610.99	
Body Armor Replacement Grant:				
2020		3,857.38	3,857.38	
Bulletproof Vest Partnership Grant		2,958.97	2,958.97	
Elizabethtown Gas Road Improvement		494,274.07	494,274.07	
N.J. Transportation Trust Fund Authority Act:				
2020 Municipal Aid - Warren Street		254,990.00	254,990.00	
Reserve for Sale of Municipal Assets	540,000.00		540,000.00	
Cable TV Franchise Fees	50,617.00		50,617.00	
Total Miscellaneous Revenue	4,689,695.00	1,511,825.41	5,885,610.21	\$ 315,910.20 *

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Receipts from Delinquent Taxes	\$ 850,000.00		\$ 979,403.52	\$ 129,403.52
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	10,828,827.70		11,307,831.00	479,003.30
Minimum Library Tax	244,578.01		244,578.01	
	<u>11,073,405.71</u>		<u>11,552,409.01</u>	<u>479,003.30</u>
Budget Totals	18,098,100.71	\$ 1,511,825.41	19,902,422.74	292,496.62
Nonbudget Revenue			627,128.40	627,128.40
	<u>\$ 18,098,100.71</u>	<u>\$ 1,511,825.41</u>	<u>\$ 20,529,551.14</u>	<u>\$ 919,625.02</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Allocation of Current Tax Collections

Collections		\$ 27,821,505.83
Allocated to:		
County Taxes	\$ 4,875,336.78	
Due to County for Added and Omitted Taxes	6,774.63	
Municipal Open Space Taxes	142,463.12	
School Taxes	<u>12,660,913.00</u>	
		<u>17,685,487.53</u>
		10,136,018.30
Add: Appropriation "Reserve for Uncollected Taxes"		<u>1,416,390.71</u>
Realized for Support of Municipal Budget		<u><u>\$ 11,552,409.01</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 967,845.89
Tax Title Liens Redeemed	<u>11,557.63</u>
	<u><u>\$ 979,403.52</u></u>

Interest on Investments and Deposits:

Cash Received - Treasurer	\$ 85,933.53
Cash Received - Collector	25,299.73
Cash Received - Clerk	418.76
Due from Other Trust Funds	1,235.05
Due from General Capital Fund	852.22
Due from Payroll Accounts	89.64
Due from Claims Account	<u>980.40</u>
	<u><u>\$ 114,809.33</u></u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Other Miscellaneous Receipts	\$	3,484.54	
Tax Lien Discharge Fees		4,200.00	
Payment in Lieu of Taxes - Bridge		109,860.46	
Administrative Fee - Senior Citizens and Veterans Deductions		1,808.96	
Police Outside Services - Administrative Fees		155,873.42	
Local Government Emergency Fund (LGEF) COVID-19 Mitigation		125,961.24	
Other Reimbursements		78,976.16	
Workers' Compensation and Other Insurance Refunds		55,172.77	
Pavilion Rental Fees		1,232.50	
Public Works Billings Reimbursements		7,968.73	
Gasoline Billings Reimbursements		28,343.28	
		<hr/>	
	\$		572,882.06

Collector:

Municipal Charges Receivable Collections	16,991.48	
Municipal Charges Liens Redemption	1,512.50	
Tax Sale Costs	15,113.82	
Other Miscellaneous	19,961.99	
	<hr/>	
		53,579.79

Due from Payroll Accounts:

Refund of Payroll Expenses	276.55
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Due from Other Trust Funds:

Donation	390.00
	<hr/>
	<u>\$ 627,128.40</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, 2020

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 38,250.00	\$ 58,250.00	\$ 52,831.65	\$ 5,418.35	
Other Expenses	142,850.00	107,850.00	90,058.45	17,791.55	
Mayor and Council:					
Salaries and Wages	45,820.00	45,820.00	44,253.32	1,566.68	
Other Expenses	12,350.00	12,350.00	7,450.82	4,899.18	
Municipal Clerk:					
Salaries and Wages	262,000.00	262,000.00	229,424.79	32,575.21	
Other Expenses	93,850.00	93,850.00	59,251.48	34,598.52	
Financial Administration:					
Salaries and Wages	161,625.00	161,625.00	156,546.98	5,078.02	
Other Expenses	41,375.00	29,375.00	24,493.88	4,881.12	
Audit Services	30,000.00	30,000.00	27,941.24	2,058.76	
Revenue Administration:					
Salaries and Wages	93,000.00	93,000.00	88,338.67	4,661.33	
Other Expenses	20,800.00	20,800.00	14,734.74	6,065.26	
Tax Assessment Administration:					
Salaries and Wages	152,150.00	152,150.00	148,329.22	3,820.78	
Other Expenses	19,000.00	19,000.00	13,780.59	5,219.41	
Legal Services:					
Other Expenses	300,000.00	380,000.00	376,697.80	3,302.20	
Engineering Services:					
Other Expenses	65,000.00	77,000.00	76,815.95	184.05	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Operations Within "CAPS" (Continued):  
LAND USE ADMINISTRATION:

Planning Board:

Other Expenses

PUBLIC SAFETY FUNCTIONS:

Police Department:

Salaries and Wages

Other Expenses

Emergency Management Services:

Salaries and Wages

Other Expenses

Aid to Volunteer Fire Company

Aid to First Aid Organization

Fire Department:

Salaries and Wages

Other Expenses

Supplemental Fire Services Program

Municipal Prosecutor:

Other Expenses

PUBLIC WORKS FUNCTIONS:

Streets and Roads Maintenance:

Salaries and Wages

Other Expenses

Other Public Works Functions:

Salaries and Wages

Other Expenses

PEOSHA

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
\$	3,500.00	\$ 3,500.00	\$ 2,281.50	\$ 1,218.50	
	4,280,575.00	4,280,575.00	4,141,096.09	139,478.91	
	128,193.00	128,193.00	95,938.79	32,254.21	
	8,325.00	8,425.00	8,424.15	0.85	
	1,200.00	1,200.00	1,132.99	67.01	
	24,000.00	24,000.00	24,000.00		
	15,000.00	15,000.00	15,000.00		
	15,075.00	14,975.00	14,524.93	450.07	
	73,900.00	73,900.00	71,405.06	2,494.94	
	7,000.00	7,000.00	7,000.00		
	40,000.00	40,000.00	40,000.00		
	588,025.00	578,025.00	555,118.86	22,906.14	
	237,200.00	147,200.00	82,786.22	64,413.78	
	37,780.00	37,780.00	35,856.38	1,923.62	
	16,300.00	16,300.00	5,155.07	11,144.93	
	15,000.00	15,000.00	14,865.35	134.65	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS (Continued):					
Solid Waste Collections:					
Salaries and Wages	\$ 525,600.00	\$ 525,600.00	\$ 498,634.85	\$ 26,965.15	
Other Expenses	13,500.00	13,500.00	8,352.21	5,147.79	
Buildings and Grounds:					
Salaries and Wages	438,350.00	423,350.00	387,879.03	35,470.97	
Other Expenses	166,000.00	156,000.00	113,753.83	42,246.17	
Vehicle Maintenance:					
Salaries and Wages	74,850.00	74,850.00	70,027.04	4,822.96	
Other Expenses	180,000.00	180,000.00	151,908.24	28,091.76	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Animal Control:					
Salaries and Wages	36,100.00	36,100.00	32,101.75	3,998.25	
Other Expenses	23,000.00	23,000.00	8,121.87	14,878.13	
Contributions to Social Services:					
Other Expenses	20,000.00	20,000.00	20,000.00		
PARKS AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	81,000.00	81,000.00	75,945.71	5,054.29	
Other Expenses	64,000.00	64,000.00	56,596.07	7,403.93	
Celebration of Public Events:					
Other Expenses	25,500.00	25,500.00	13,560.00	11,940.00	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Operations Within "CAPS" (Continued):  
UTILITY EXPENSES AND BULK PURCHASES:

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Electricity	\$ 145,000.00	\$ 145,000.00	\$ 123,780.14	\$ 21,219.86	
Street Lighting	135,000.00	135,000.00	112,689.63	22,310.37	
Telephone	84,300.00	109,300.00	107,848.96	1,451.04	
Water	170,000.00	170,000.00	117,097.24	52,902.76	
Gas (Natural or Propane)	50,000.00	50,000.00	31,896.27	18,103.73	
Gasoline	175,000.00	175,000.00	109,670.98	65,329.02	

LANDFILL/SOLID WASTE DISPOSAL COSTS:

Waste Disposal:					
Other Expenses	540,000.00	590,000.00	578,282.26	11,717.74	

Municipal Court:

Salaries and Wages	252,825.00	252,825.00	233,784.12	19,040.88	
Other Expenses	23,125.00	23,125.00	16,147.92	6,977.08	

Public Defender (P.L. 1997, C.256):

Other Expenses	10,000.00	10,000.00	9,000.00	1,000.00	
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INSURANCE:

Liability Insurance	246,000.00	246,000.00	240,676.40	5,323.60	
Workers Compensation Insurance	305,000.00	305,000.00	304,103.65	896.35	
Employee Group Insurance	1,377,500.00	1,377,500.00	1,344,771.60	32,728.40	
Health Benefit Waivers	42,000.00	42,000.00		42,000.00	

UNIFORM CONSTRUCTION CODE:

Code Enforcement:					
Salaries and Wages	462,200.00	462,200.00	437,159.74	25,040.26	
Other Expenses	35,500.00	20,500.00	18,262.99	2,237.01	

Total Operations Within "CAPS"

	12,670,493.00	12,670,493.00	11,747,587.47	922,905.53	
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TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Detail:					
Salaries and Wages	\$ 7,595,550.00	\$ 7,590,550.00	\$ 7,210,277.28	\$ 380,272.72	
Other Expenses	5,074,943.00	5,079,943.00	4,537,310.19	542,632.81	
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	418,533.00	418,533.00	418,533.00		
Social Security System (O.A.S.I.)	325,000.00	325,000.00	310,501.83	14,498.17	
Police and Firemen's Retirement System of NJ	1,173,520.00	1,173,520.00	1,173,519.53	0.47	
Unemployment Compensation Insurance	30,000.00	30,000.00	27,441.79	2,558.21	
Defined Contribution Retirement Program	7,500.00	7,500.00	5,742.07	1,757.93	
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	1,954,553.00	1,954,553.00	1,935,738.22	18,814.78	
Total General Appropriations for Municipal					
Purposes Within "CAPS"	14,625,046.00	14,625,046.00	13,683,325.69	941,720.31	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	645,000.00	645,000.00	645,000.00		
Recycling Tax (P.L.2007, C.311)	26,000.00	26,000.00	17,784.00	8,216.00	
Shared Service Agreement - Borough of Alpha:					
Police Services	425,000.00	425,000.00	424,999.90	0.10	
Municipal Court	23,400.00	23,400.00	23,400.00		
Municipal Court - Facilities	27,500.00	27,500.00	27,500.00		
Board of Education - School Resource Officer					
(N.J.S.A. 40A:4-87 + \$206,000.00)		206,000.00	206,000.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Program Offset by Revenue:					
Reserve for Recycling Tonnage Grant					
(N.J.S.A. 40A:4-87 + \$19,545.00)		\$ 19,545.00	\$ 19,545.00		
Matching Funds for Grants					
Municipal Alliance on Alcoholism and Drug Abuse:	\$ 28,750.00	28,750.00	26,245.00	\$ 2,505.00	
State (N.J.S.A. 40A:4-87 + \$4,979.00)		4,979.00	4,979.00		
Station House Adjustment Program					
(N.J.S.A. 40A:4-87 + \$14,676.00)		14,476.00	14,476.00		
Clean Communities Program					
(N.J.S.A. 40A:4-87 + \$32,610.99)		32,610.99	32,610.99		
N.J. Youth Corps - 2020 - ALWY21N					
(N.J.S.A. 40A:4-87 + \$478,134.00)		478,134.00	478,134.00		
Body Armor Replacement Grant:					
2020 (N.J.S.A. 40A:4-87 + \$3,857.38)		3,857.38	3,857.38		
Bulletproof Vest Partnership Grant					
(N.J.S.A. 40A:4-87 + \$2,958.97)		2,958.97	2,958.97		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Operations Excluded from "CAPS":  
Public and Private Program Offset by Revenue: (Cont'd)  
Elizabethtown Gas Road Improvement  
(N.J.S.A. 40A:4-87 + \$494,274.07)

Total Operations Excluded from "CAPS"

Detail:

Other Expenses

Capital Improvements - Excluded from "CAPS":  
Capital Improvement Fund  
New Jersey Transportation Trust Fund Authority Act:  
2020 Municipal Aid - Warren Street Project  
(N.J.S.A. 40A:4-87 + \$254,990.00)

Total Capital Improvements Excluded from "CAPS"

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
		\$ 494,274.07	\$ 494,274.07		
	\$ 1,175,650.00	2,432,485.41	2,421,764.31	\$ 10,721.10	
	1,175,650.00	2,432,485.41	2,421,764.31	10,721.10	
	55,000.00	55,000.00	55,000.00		
		254,990.00	254,990.00		
	55,000.00	309,990.00	309,990.00		

TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Deferred Charges:					
Emergency Authorizations	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00		
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	40,000.00	40,000.00	40,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	76,000.00	76,000.00	76,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	515,000.00	515,000.00	515,000.00		\$ 148.74
Interest on Bonds	136,000.00	136,000.00	135,851.26		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	15,550.00	15,550.00	15,545.80		4.20
Capital Lease Obligations	83,464.00	83,464.00	69,559.26		13,904.74
Total Municipal Debt Service Excluded from "CAPS"	750,014.00	750,014.00	735,956.32		14,057.68
Total General Appropriations Excluded from "CAPS"	2,056,664.00	3,568,489.41	3,543,710.63	\$ 10,721.10	14,057.68
Subtotal General Appropriations	16,681,710.00	18,193,535.41	17,227,036.32	952,441.41	14,057.68
Reserve for Uncollected Taxes	1,416,390.71	1,416,390.71	1,416,390.71		
Total General Appropriations	\$ 18,098,100.71	\$ 19,609,926.12	\$ 18,643,427.03	\$ 952,441.41	\$ 14,057.68

Ref.

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TOWN OF PHILLIPSBURG  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Adopted Budget		\$ 18,098,100.71	
Added by:			
N.J.S.A. 40A:4-87		<u>1,511,825.41</u>	
		<u>\$ 19,609,926.12</u>	
Cash Disbursed			\$ 15,376,013.61
Reserve for Uncollected Taxes			1,416,390.71
Encumbrances	A		237,154.34
Due to Other Trust Funds			15,322.12
Deferred Charges - Emergency Authorization			36,000.00
Deferred Charges - Special Emergency Authorization			40,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			1,511,825.41
Local Matching Funds			<u>26,245.00</u>
			18,658,951.19
Less: Appropriation Refunds			<u>15,524.16</u>
			<u>\$ 18,643,427.03</u>

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
TRUST FUNDS

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019 Restated</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 11,388.72	\$ 8,828.86
		<u>11,388.72</u>	<u>8,828.86</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	3,102,150.49	1,816,092.61
Due from Current Fund	A	556,322.03	418,571.67
Accounts Receivable (Police Outside Services)		9,954.18	35,972.92
Community Development Revolving Loan			
Program Receivable		<u>427,767.11</u>	<u>437,233.65</u>
		<u>4,096,193.81</u>	<u>2,707,870.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,107,582.53</u>	<u>\$ 2,716,699.71</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 7.00	
Accounts Payable			\$ 5,000.00
Reserve for Animal Control Expenditures	B-6	10,629.47	3,076.61
Reserve for Donation for Dog Park		<u>752.25</u>	<u>752.25</u>
		<u>11,388.72</u>	<u>8,828.86</u>

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
<u>Ref.</u>	<u>2020</u>	<u>2019 Restated</u>
<u>LIABILITIES AND RESERVES</u>		
Other Trust Funds:		
Reserve for:		
Federally Funded Housing Assistance		
Program (Section 8)	\$ 362,024.45	\$ 239,989.66
Planning Board/Zoning Board Escrow	545,434.67	406,425.81
Community Development Revolving		
Loan Program	735,872.85	736,359.28
Parking Offense Adjudication Act	2,165.81	1,983.81
Bernards Township R.C.A. Program	155,882.17	154,717.44
Accumulated Sick and Vacation	251,716.27	128,837.00
Police Outside Services	18,781.06	9,954.50
Small Cities Block Grants	31,877.75	21,093.75
Neighborhood Preservation Grant	11,443.24	11,443.24
Donations for Celebration of Public Events	18,407.98	18,407.98
Storm Recovery	69,542.35	25,000.00
Dog Park User Fees	1,654.04	1,824.99
Public Defender Fees	7,861.15	5,994.77
Uniform Fire Safety Act	5,336.00	5,750.00
Flexible Spending Benefits	2,456.99	1,737.00
Municipal Open Space	409,104.22	283,456.18
Recreation Donations	40,000.00	40,000.00
Non-Residential Development Fees	958,500.50	195,193.00
Other Donations	704.31	679.31
Tax Sale Premiums	467,428.00	417,800.00
Redemption of Outside Liens		1,223.13
	<u>4,096,193.81</u>	<u>2,707,870.85</u>
<u>TOTAL LIABILITIES AND RESERVES</u>	<u>\$ 4,107,582.53</u>	<u>\$ 2,716,699.71</u>

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

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2020	2019
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,160,919.51	\$ 255,050.06
Deferred Charges to Future Taxation:			
Funded		4,655,619.50	5,184,484.58
Unfunded	C-4	11,323,985.00	10,278,985.00
<u>TOTAL ASSETS</u>		<u>\$ 17,140,524.01</u>	<u>\$ 15,718,519.64</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 4,582,000.00	\$ 5,097,000.00
Green Acres Loan Payable	C-9	73,619.50	87,484.58
Bond Anticipation Notes Payable	C-7	2,755,000.00	
Improvement Authorizations:			
Funded	C-5	581,757.10	858,932.31
Unfunded	C-5	8,473,223.94	8,919,015.76
Due to Current Fund	A	852.22	193.83
Capital Improvement Fund	C-6	23,319.84	23,319.84
Reserve for:			
Encumbrances		577,130.07	
Contracts Payable			683,227.94
Capital Projects		36,780.16	36,780.16
Fund Balance	C-1	36,841.18	12,565.22
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 17,140,524.01</u>	<u>\$ 15,718,519.64</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 12,565.22
Increased by:		
Premium on Sale of Notes		<u>24,275.96</u>
Balance December 31, 2020	C	<u><u>\$ 36,841.18</u></u>

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
WATER UTILITY FUND

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
SEWER UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents - Treasurer	E-4	\$ 1,292,475.08	\$ 1,704,500.68
Cash and Cash Equivalents - Collector	E-6	469,381.02	483,563.60
Change Fund		500.00	500.00
		<u>1,762,356.10</u>	<u>2,188,564.28</u>
Due from Sewer Utility Capital Fund	E		2,202.49
		<u>1,762,356.10</u>	<u>2,190,766.77</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	E-7	164,724.43	142,158.59
Sewer Liens Receivable	E-8	2,736.69	2,238.90
Total Receivables with Full Reserves	E	<u>167,461.12</u>	<u>144,397.49</u>
Total Operating Fund		<u>1,929,817.22</u>	<u>2,335,164.26</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	1,996,795.74	3,457,615.82
Due from Sewer Utility Operating Fund	E	114,899.50	
Fixed Capital	E-9	28,979,589.88	28,185,039.88
Fixed Capital Authorized and Uncompleted	E-10	19,349,136.31	18,593,686.31
Total Capital Fund		<u>50,440,421.43</u>	<u>50,236,342.01</u>
<u>TOTAL ASSETS</u>		<u>\$ 52,370,238.65</u>	<u>\$ 52,571,506.27</u>

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

		December 31,	
	Ref.	2020	2019 Restated
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-11	\$ 170,222.91	\$ 153,410.62
Encumbered	E-3;E-11	731.25	
Total Appropriation Reserves		170,954.16	153,410.62
Accounts Payable		29,330.98	278,690.25
Accrued Interest on Loans		39,187.50	42,370.83
Sewer Overpayments		17,927.01	6,351.29
Miscellaneous Reserves			4,155.20
Due to Sewer Utility Capital Fund	E	114,899.50	
		372,299.15	484,978.19
Reserve for Receivables	E	167,461.12	144,397.49
Fund Balance	E-1	1,390,056.95	1,705,788.58
Total Operating Fund		1,929,817.22	2,335,164.26
Capital Fund:			
NJ Environmental Infrastructure Trust Loan Payable:			
Trust	E-16	2,490,000.00	2,656,000.00
Fund	E-16	4,784,770.32	5,196,962.07
Improvement Authorizations:			
Funded	E-12	206,863.93	938,804.21
Unfunded	E-12	1,043,788.95	1,043,788.95
Due to Sewer Utility Operating Fund	E		2,202.49
Capital Improvement Fund	E-13	374,180.53	1,824,180.53
Contracts Payable			110,095.86
Reserve for:			
Encumbrances		702,024.05	
Amortization	E-14	33,400,937.56	32,028,195.81
Deferred Amortization	E-15	6,565,416.31	5,809,966.31
Sewer Improvements		453,446.00	207,152.00
Fund Balance	E-1a	418,993.78	418,993.78
Total Capital Fund		50,440,421.43	50,236,342.01
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		\$ 52,370,238.65	\$ 52,571,506.27

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

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

	Year Ended December 31,	
	2020	2019
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 485,000.00	\$ 568,860.00
Rents	3,702,418.79	3,967,141.22
Nonbudget Revenue	323,022.97	352,237.45
Other Credits to Income:		
Appropriation Reserves Lapsed	81,510.30	231,544.45
Total Income	<u>4,591,952.06</u>	<u>5,119,783.12</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	3,560,470.00	3,455,000.00
Capital Improvements	100,000.00	50,000.00
Debt Service	686,683.69	689,456.78
Deferred Charges and Statutory Expenditures	75,530.00	31,000.00
Total Expenditures	<u>4,422,683.69</u>	<u>4,225,456.78</u>
Excess in Revenue	169,268.37	894,326.34
<u>Fund Balance</u>		
Balance January 1	<u>1,705,788.58</u>	<u>1,555,322.24</u>
	1,875,056.95	2,449,648.58
Decreased by:		
Utilization as Anticipated Revenue	485,000.00	568,860.00
Prior Year Fund Balance Anticipated as Current		
Fund Revenue	<u>                    </u>	<u>175,000.00</u>
Balance December 31	E <u>\$ 1,390,056.95</u>	<u>\$ 1,705,788.58</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2019	E	<u>\$ 418,993.78</u>
Balance December 31, 2020	E	<u><u>\$ 418,993.78</u></u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Fund Balance Anticipated	\$ 485,000.00	\$ 485,000.00	
Rents	3,951,000.00	3,702,418.79	\$ 248,581.21 *
	<u>4,436,000.00</u>	<u>4,187,418.79</u>	<u>248,581.21 *</u>
Nonbudget Revenue		323,022.97	323,022.97
	<u>\$ 4,436,000.00</u>	<u>\$ 4,510,441.76</u>	<u>\$ 74,441.76</u>

Analysis of Rents:

Other Municipalities	\$ 1,751,613.52	
Consumer Accounts Receivable	1,944,453.98	
Tax Overpayments Applied	<u>6,351.29</u>	
		<u>\$ 3,702,418.79</u>

Analysis of Nonbudget Revenue

Collector:

Interest on Deposits	\$ 7,152.77	
Interest on Sewer Rents	16,163.64	
Miscellaneous	0.40	
Returned Check Fees	<u>160.00</u>	
		\$ 23,476.81

Treasurer:

Sewer Lien Redemption	214.31	
Interest on Investments	27,130.44	
Returned Check Fees	40.00	
Wastewater Treatment Plant Septic Billing	269,841.67	
Miscellaneous	<u>969.24</u>	
		298,195.66

Due from Sewer Utility Capital Fund:

Interest on Investments		<u>1,350.50</u>
		<u>\$ 323,022.97</u>

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

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended by		Unexpended Balances Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 330,000.00	\$ 330,000.00	\$ 311,522.08	\$ 18,477.92	
Other Expenses	3,230,470.00	3,230,470.00	3,086,758.85	143,711.15	
Capital Improvements:					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Debt Service:					
State of NJ Wastewater Treatment Loans:					
Loan Repayments for Principal and Interest	700,000.00	700,000.00	686,683.69		\$ 13,316.31
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employee's Retirement System	43,030.00	43,030.00	43,027.84	2.16	
Social Security System (O.A.S.I.)	28,000.00	28,000.00	23,088.89	4,911.11	
Unemployment Compensation Insurance					
(N.J.S.A. 43:21-3 et. seq.)	3,000.00	3,000.00	1,339.58	1,660.42	
Defined Contribution Retirement Program	1,500.00	1,500.00	39.85	1,460.15	
	<u>\$ 4,436,000.00</u>	<u>\$ 4,436,000.00</u>	<u>\$ 4,252,460.78</u>	<u>\$ 170,222.91</u>	<u>\$ 13,316.31</u>

Ref.

E

Cash Disbursed	\$ 4,029,987.59
Due to Sewer Utility Capital Fund	117,250.00
Accrued Interest on Loans	104,491.94
Encumbrances Payable	731.25
E	
	<u>\$ 4,252,460.78</u>

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2020	2019 Restated
<u>ASSETS</u>		
Land	\$ 11,156,900.00	\$ 11,124,300.00
Buildings	14,857,700.00	14,772,100.00
Vehicles and Equipment	9,938,701.36	9,395,038.57
<u>TOTAL ASSETS</u>	<u>\$ 35,953,301.36</u>	<u>\$ 35,291,438.57</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	<u>\$ 35,953,301.36</u>	<u>\$ 35,291,438.57</u>
<u>TOTAL RESERVES</u>	<u>\$ 35,953,301.36</u>	<u>\$ 35,291,438.57</u>

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Town of Phillipsburg include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Phillipsburg, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Town of Phillipsburg do not include the operations of the Volunteer Fire and First Aid Squads.

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

B. Description of Funds

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

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

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

B. Description of Funds (Cont'd)

General Fixed Asset Account Group - Estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1E – “Basis of Accounting”.

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

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

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

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

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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.

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

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

General Fixed Assets – General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a “Reserve for General Fixed Assets”. When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Fund. The values recorded in the general fixed assets account group and the capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost. The amount shown does not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility does not record depreciation on fixed assets.

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

Note 2: Long-Term Debt

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2020	2019	2018
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 7,410,619.50	\$ 5,184,484.58	\$ 5,703,076.47
Sewer Utility:			
Loans and Notes	7,274,770.32	7,852,962.07	8,802,681.82
Net Debt Issued	<u>14,685,389.82</u>	<u>13,037,446.65</u>	<u>14,505,758.29</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	8,568,985.00	10,278,985.00	1,966,125.00
Sewer Utility:			
Bonds and Notes	759,074.00	759,074.00	759,074.00
Total Authorized but not Issued	<u>9,328,059.00</u>	<u>11,038,059.00</u>	<u>2,725,199.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 24,013,448.82</u>	<u>\$ 24,075,505.65</u>	<u>\$ 17,230,957.29</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.174%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 6,695,000.00	\$ 6,695,000.00	
Sewer Utility Debt	8,033,844.32	8,033,844.32	
General Debt	<u>15,979,604.50</u>		\$ 15,979,604.50
	<u>\$ 30,708,448.82</u>	<u>\$ 14,728,844.32</u>	<u>\$ 15,979,604.50</u>

Net Debt of \$15,979,604.50 divided by Equalized Valuation Basis Per N.J.S. 40A:2-2 as Amended, \$734,883,073.33 = 2.174%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 25,720,907.57
Net Debt	<u>15,979,604.50</u>
Remaining Borrowing Power	<u>\$ 9,741,303.07</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

(Continued)

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

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 4,510,441.76
Deductions:		
Operating and Maintenance Costs	\$ 3,636,000.00	
Debt Service	<u>686,683.69</u>	
		<u>4,322,683.69</u>
Excess in Revenue		<u>\$ 187,758.07</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20
Loans Payable:				
General Capital Fund:				
Green Acres Loans	\$ 87,484.58		\$ 13,865.08	\$ 73,619.50
Sewer Utility Capital Fund:				
NJEIT Loans	7,852,962.07		578,191.75	7,274,770.32
Serial Bonds:				
General Capital Fund	5,097,000.00		515,000.00	4,582,000.00
Bond Anticipation Notes:				
General Capital Fund		<u>\$ 2,755,000.00</u>		<u>2,755,000.00</u>
Total	<u>\$ 13,037,446.65</u>	<u>\$ 2,755,000.00</u>	<u>\$ 1,107,056.83</u>	<u>\$ 14,685,389.82</u>

	Balance 12/31/18	Additions	Retirements	Balance 12/31/19
Loans Payable:				
General Capital Fund:				
Green Acres Loans	\$ 101,076.47		\$ 13,591.89	\$ 87,484.58
Sewer Utility Capital Fund:				
NJEIT Loans	8,802,681.82		949,719.75	7,852,962.07
Serial Bonds:				
General Capital Fund	<u>5,602,000.00</u>		<u>505,000.00</u>	<u>5,097,000.00</u>
Total	<u>\$ 14,505,758.29</u>	<u>\$ -0-</u>	<u>\$ 1,468,311.64</u>	<u>\$ 13,037,446.65</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2020

General Capital Serial Bonds Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
General Improvement Bonds of 2017	8/15/2028	1.125% - 4%	<u>\$ 4,582,000.00</u>

General Capital Green Acres Loan Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
Improvements to Delaware Heights Park	7/11/2025	2.00%	<u>\$ 73,619.50</u>

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

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
Trust Loan 1	08/01/29	5.00%	\$ 755,000.00
Trust Loan 2	08/01/33	3.00%-5.00%	1,455,000.00
Trust Loan 3	08/01/34	4.00%-5.00%	280,000.00
			<u>\$ 2,490,000.00</u>

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

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
Fund Loan 1	08/01/29	0.00%	\$ 647,185.44
Fund Loan 2	02/01/33	0.00%	3,609,730.80
Fund Loan 3	08/01/33	0.00%	527,854.08
			<u>\$ 4,784,770.32</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2020 (Cont'd)

General Capital Bond Anticipation Notes Payable

Description	Final Maturity	Interest Rate	Balance Dec. 31, 2020
Installation of New Town Phone System	06/01/2021	2.00%	\$ 10,100.00
General Improvements	06/01/2021	2.00%	1,670,195.00
Various Capital Improvements	06/01/2021	2.00%	1,074,705.00
			<u>\$ 2,755,000.00</u>
Total Debt Issued and Outstanding			<u>\$ 14,685,389.82</u>

General Capital New Jersey Green Acres Loan

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

N.J. Environmental Infrastructure (EIT) Loans

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

At December 31, 2020, the Town has borrowed or "drawn down" \$11,741,438 of the \$11,741,438 Loan funds necessary to complete the improvements to the sewage treatment plant partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2034 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2034. Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

The N.J. Environmental Infrastructure Trust applied credits totaling \$262,176 to 2014 principal payments and \$66,352 to 2015 principal payments.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

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

Year	General		Sewer		Total
	Principal	Interest	Principal	Interest	
2021	\$ 539,143.77	\$ 116,653.28	\$ 588,191.75	\$ 94,050.00	\$ 1,338,038.80
2022	554,428.07	95,369.00	593,191.75	85,960.00	1,328,948.82
2023	564,718.07	73,478.99	598,191.75	77,670.00	1,314,058.81
2024	580,013.90	62,183.16	608,191.75	69,130.00	1,319,518.81
2025	595,315.69	50,581.38	622,191.75	60,140.00	1,328,228.82
2026-2030	1,822,000.00	79,597.52	3,040,049.29	184,180.00	5,125,826.81
2031-2034			1,224,762.28	35,037.50	1,259,799.78
	<u>\$ 4,655,619.50</u>	<u>\$ 477,863.33</u>	<u>\$ 7,274,770.32</u>	<u>\$ 606,167.50</u>	<u>\$ 13,014,420.65</u>

Capital Leases Payable

The Town entered into three lease purchase agreements for the purchase of police vehicles. These capital leases have terms of three years. The following is a schedule of the future minimum lease payments at December 31, 2020.

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 104,904.96
2022	68,031.38
Total minimum lease payments	172,936.34
Less: Amount representing interest	9,532.24
	<u>\$ 163,404.10</u>

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2020 which was included in the adopted budget as appropriated and as anticipated revenue for the year ending December 31, 2021 budget were as follows:

Current Fund	\$ 1,770,000.00
Sewer Utility Operating Fund	546,719.00

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Town of Phillipsburg has elected not to defer school taxes.

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Town contributions to PERS amounted to \$458,137 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2019, the Town's liability was \$8,486,534 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Town's proportion was .047%, which was an increase of 0.003% from its proportion measured as of June 30, 2018. The Town has rolled forward the net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit. The Town has rolled forward the net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

For the year ended December 31, 2019, the Town recognized actual pension expense in the amount of \$458,137.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

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

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

Long Term Expected Rate of Return

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate Rate (6.28%)	1% Increase (7.28%)
Town's proportionate share of the Net Pension Liability	\$ 10,735,408	\$ 8,486,534	\$ 6,591,539

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2019 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2019 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Town contributions to PFRS amounted to \$1,173,519.53 for the year ended December 31, 2020. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$141,804 to the PFRS for normal pension benefits on behalf of the Town, which is less than the contractually required contribution of \$244,533.

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2019, the Town's liability for its proportionate share of the net pension liability was \$13,328,288. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the Town's proportion was 0.108%, which was a decrease of 0.003% from its proportion measured as of June 30, 2018. The Town has rolled forward the net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$2,104,562 as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the Town was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the State's proportion was 0.108%, which was a decrease of 0.003% from its proportion measured as of June 30, 2018 which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 13,328,288
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>2,104,562</u>
Total Net Pension Liability	<u>\$ 15,432,850</u>

For the year ended December 31, 2020, the Town recognized total pension expense of \$1,173,519.53.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

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

Long Term Expected Rate of Return

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

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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 70% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Town) as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 20,859,589	\$ 15,432,850	\$ 10,941,441

Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

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

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

For DCRP, the Town recognized pension expense of \$5,781.92 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$13,868.25 for the year ended December 31, 2020.

Note 6: Accrued Sick and Vacation Benefits and Compensatory Time

The Town permits employees to accrue a limited amount of unused vacation and sick pay and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$1,933,159.96. This amount is not reported either as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick and Vacation of \$251,716.27 reflected on the Other Trust Funds' balance sheet as of December 31, 2020.

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1.

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ 4.042	\$ 4.015 11333453.15	\$ 3.981
<u>Apportionment of Tax Rate</u>			
Municipal	1.603	1.541	1.563
County	.660	.722	.708
Local School	1.779	1.752	1.710
<u>Assessed Valuations</u>			
2020	\$ 708,747,125.00		
2019		\$ 709,021,582.00	
2018			\$ 710,072,009.00

Comparison of Tax Levies and Collection

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$ 28,791,845.36	\$ 27,821,505.83	96.63%
2019	28,498,988.46	27,458,956.39	96.35%
2018	28,282,373.32	27,005,439.83	95.48%

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

Note 8: Cash and Cash Equivalents

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Town in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

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

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

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

Deposits

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

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

Investments (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2020, cash and cash equivalents of the Town consisted of the following:

Fund	Change Funds and Petty Cash	Checking Accounts	Totals
Current	\$ 250.00	\$ 11,333,453.15	\$ 11,333,703.15
Animal Control		11,388.72	11,388.72
Other Trust		3,102,150.49	3,102,150.49
General Capital		1,160,919.51	1,160,919.51
Sewer Utility:			
Operating	500.00	1,761,856.10	1,762,356.10
Capital		1,996,795.74	1,996,795.74
	<u>\$ 750.00</u>	<u>\$ 19,366,563.71</u>	<u>\$ 19,367,313.71</u>

The Town did not hold any investments during the year ended December 31, 2020. The carrying amount of the Town's cash and cash equivalents at year end was \$19,365,194.71 and the bank balance was \$21,242,365.83.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 9: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town of Phillipsburg is a member of the Statewide Insurance Fund, (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) General Liability and Auto Liability
- c.) Property Damage
- d.) Boiler and Machinery
- e.) Law Enforcement Liability
- f.) Public Officials' Liability
- g.) Employment Practice Liability
- h.) Crime
- i.) Umbrella Liability
- j.) Environmental Impairment Liability
- k.) Excess Liability

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

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

The December 31, 2020 audit report of the Statewide Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2019 is as follows:

Total Assets	\$ 49,105,184
Net Position	\$ 15,042,070
Total Revenue	\$ 25,760,245
Total Expenditures	\$ 24,125,409
Change in Net Position	\$ 1,634,836
Members Dividends	\$ -0-

Statements for this fund are available at the Office of Executive Director:

Statewide Insurance Fund  
One Sylvan Way  
Parsippany, New Jersey 07054  
(862) 260-2050

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 9: Risk Management (Cont'd)

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

New Jersey Unemployment Compensation Insurance

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

Note 10: Community Development Revolving Loan Program

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

Note 11: Contingencies

The Town is periodically involved in various other lawsuits arising in the normal course of business, which often include claims for property damage, personal injury, and various contract disputes. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Town's financial position as of December 31, 2020.

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

Various tax appeals on assessed valuations have been filed against the Town and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Town's Tax Assessor will aggressively defend the Town's assessments. The Town has established a reserve in the amount of \$267,919.89, which it believes is sufficient.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

Note 12: Interfund Receivables and Payables

The following interfund balances remained on the various balance sheets at December 31, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 11,333,453.15	\$ 1,089,242.46
Federal and State Grant	532,920.43	
Animal Control		7.00
Other Trust	556,322.03	
General Capital		852.22
Sewer Utility Operating		114,899.50
Sewer Utility Capital	114,899.50	
	<u>\$ 12,537,595.11</u>	<u>\$ 1,205,001.18</u>

The interfund receivable in the Current Fund is comprised of December 2020 interest due from the General Capital Fund and an interfund advanced to the Animal Control Fund. The interfund receivable in the Federal and State Grant Fund reflects the net of Federal and State Grant Fund receipts collected by the Current Fund and Federal and State Grant Fund expenditures paid by the Current Fund. The interfund receivable in the Other Trust Funds reflects amounts due to the Reserves for Accumulated Sick and Vacation and Tax Sale Premiums from the Current Fund, offset by December 2020 interest due to the Current Fund and 2020 Budget Expenditures paid by the Other Trust Funds. The interfund payable in the Sewer Utility Operating Fund primarily reflects 2020 budget expenditures paid by the Sewer Utility Capital Fund net of the 2020 interest earnings due from the Sewer Utility Capital Fund.

Note 13: Economic Dependency

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

Note 14: Fixed Assets

The following is a summarization of general fixed assets for the year ended December 31, 2020:

	Restated Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 11,124,300.00	\$ 32,600.00		\$ 11,156,900.00
Buildings	14,772,100.00	85,600.00		14,857,700.00
Machinery and Equipment	9,395,038.57	543,662.79		9,938,701.36
	<u>\$ 35,291,438.57</u>	<u>\$ 661,862.79</u>	<u>\$ -0-</u>	<u>\$ 35,953,301.36</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 15: Post-Retirement Benefits other than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 15: Post-Retirement Benefits other than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Special Funding Situation (Cont'd)

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The DLGS is permitting municipalities to include the June 30, 2019 OPEB information in the notes to the financial statements as the June 30, 2020 OPEB information has not been released by the State of New Jersey Division of Pensions and Benefits as of the date of this report. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportionate share of the net OPEB liability attributable to the Town at June 30, 2019 was \$9,452,958. At June 30, 2019, the State's proportion related to the Town was .171%. This is the percentage of the total State Share of the net OPEB liability of the Plan. During the year ended June 30, 2019, the State of New Jersey's OPEB expense related to the Town was \$125,301.

Actuarial Assumptions and Other Inputs

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 15: Post-Retirement Benefits other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs

measurement.

Inflation Rate 2.50%

Salary Increases\*:

Public Employees' Retirement System (PERS)

Initial fiscal year applied

Rate through 2026 2.00% - 6.00%

Rate thereafter 3.00% to 7.00%

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 15.25%

\* - Salary increases are based on years of service within the respective plan.

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

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

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

Health Care Trend Assumptions

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

Discount Rate

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

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 16: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey continues to have an impact on the Town's operations and finances. Public access to the municipal offices continues to be restricted. Though the impact on the Town's finances cannot be reasonably estimated at this date, the following is likely to continue through at least mid-year 2021: Interest on investments continues to be negatively impacted. Certain miscellaneous revenues continue to be lower than years previous to 2020.

The finances of the Town's Sewer Utility Operating Fund will likely continue to be impacted with an increase in unpaid sewer rents.

Note 17: Deferred Charge to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2020</u>	<u>2021 Budget Appropriation</u>	<u>Balance to Succeeding Years' Budgets</u>
Current Fund:			
Special Emergency Authorizations (N.J.S.A. 40A:4-53)	<u>\$ 520,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 480,000.00</u>

The appropriation in the 2021 budget is not less than that required by statute.

Note 18: Prior Period Adjustments

The prior year balance for the Other Trust Funds was restated to remove the Payroll Agency Fund from the Other Trust Funds which resulted in an adjustment to the interfund with Current Fund from the Other Trust Funds. Also, the balances for Improvement Authorizations – Funded and Unfunded were restated to reflect the cancellation of a NJ Environmental Infrastructure Loan Receivable and Payable in the prior year. Additionally, Estimated Proceeds of Bonds and Notes Authorized not Issued and Bonds and Notes Authorized not Issued in the Sewer Utility Capital Fund were increased by \$328,528 which is the amount of the NJ Environmental Infrastructure Loan Receivable cancelled in 2019. Finally, the balance for the General Fixed Assets Account Group was restated to correct the amount recorded for Land and Equipment and Vehicles to agree with the Town's fixed assets records.

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 18: Prior Period Adjustments (Cont'd)

	December 31, 2019	Retroactive Adjustments	As Restated December 31, 2019
<u>Current Fund Balance Sheet</u>			
<u>ASSETS</u>			
Regular Fund:			
Receivables and Other Assets			
With Full Reserves:			
Due from Payroll Accounts		\$ 63.88	\$ 63.88
Total Receivables and Other			
Assets With Full Reserves	\$ 3,068,725.59	63.88	3,068,789.47
Total Regular Fund	14,962,810.28	63.88	14,962,874.16
Total Assets	\$ 17,335,483.44	\$ 63.88	\$ 17,335,547.32
<u>LIABILITIES, RESERVES AND</u>			
<u>FUND BALANCE</u>			
Regular Fund:			
Due to Other Trust Funds	418,507.79	63.88	418,571.67
	7,350,310.91	63.88	7,350,374.79
Reserve for Receivables and			
Other Assets	3,068,725.59	63.88	3,068,789.47
Fund Balance	4,543,773.78	(63.88)	4,543,709.90
Total Regular Fund	14,962,810.28	63.88	14,962,874.16
Total Liabilities, Reserves and			
Fund Balance	\$ 17,335,483.44	\$ 63.88	\$ 17,335,547.32
<u>Current Fund Statement of</u>			
<u>Operations and Change in Fund</u>			
<u>Balance</u>			
<u>Expenditures</u>			
Interfunds and Other Receivables			
Advanced		\$ 63.88	\$ 91.51
Total Expenditures	\$ 35,973,149.63	63.88	35,973,241.14
Excess in Revenue	2,389,555.14	(63.88)	2,389,491.26
Statutory Excess in Revenue	2,425,555.14	(63.88)	2,425,491.26
Balance December 31	\$ 4,543,773.78	\$ (63.88)	\$ 4,543,709.90

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 18: Prior Period Adjustments (Cont'd)

	December 31, 2019	Retroactive Adjustments	As Restated December 31, 2019
<u>Trust Funds Balance Sheet</u>			
<u>ASSETS</u>			
Other Trust Funds:			
Cash and Cash Equivalents	\$ 1,919,415.29	\$ (103,322.68)	\$ 1,816,092.61
Due from Current Fund	418,507.79	63.88	418,571.67
Total Assets	<u>\$ 2,811,129.65</u>	<u>\$ (103,258.80)</u>	<u>\$ 2,707,870.85</u>
<u>LIABILITIES AND RESERVES</u>			
Other Trust Funds:			
Reserve for:			
Payroll Agency	\$ 103,258.80	\$ (103,258.80)	
Total Liabilities and Reserves	<u>\$ 2,811,129.65</u>	<u>\$ (103,258.80)</u>	<u>\$ 2,707,870.85</u>
<u>Sewer Utility Balance Sheet</u>			
<u>LIABILITIES AND RESERVES</u>			
Sewer Utility Capital Fund:			
Improvement Authorizations:			
Funded	\$ 1,223,519.16	\$ (284,714.95)	\$ 938,804.21
Unfunded	759,074.00	284,714.95	1,043,788.95
Total Liabilities and Reserves	<u>\$ 50,236,342.01</u>	<u>\$ -0-</u>	<u>\$ 50,236,342.01</u>
<u>General Fixed Assets Account Group Balance Sheet</u>			
<u>ASSETS</u>			
Land	\$ 9,823,000.00	\$ 1,301,300.00	\$ 11,124,300.00
Machinery and Equipment	8,201,295.90	1,193,742.67	9,395,038.57
<u>TOTAL ASSETS</u>	<u>\$ 32,796,395.90</u>	<u>\$ 2,495,042.67</u>	<u>\$ 35,291,438.57</u>
<u>RESERVES</u>			
Reserve for General Fixed Assets	<u>\$ 32,796,395.90</u>	<u>\$ 2,495,042.67</u>	<u>\$ 35,291,438.57</u>
<u>TOTAL RESERVES</u>	<u>\$ 32,796,395.90</u>	<u>\$ 2,495,042.67</u>	<u>\$ 35,291,438.57</u>

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 19: Tax Abatements

As of December 31, 2020, The Town provides a tax abatement to a public nonprofit housing organization for its senior citizen and low income housing developments in the Town pursuant to a resolution of the governing body dated July 10, 2014 and agreements dated November 9, 1949, April 24, 1951, March 12, 1958, October 31, 1962 and November 10, 1969. In consideration of the full abatement of taxes, the public nonprofit housing organization is required to pay to the Town an annual service charge.

The Town recognized revenue in the amount of \$168,526.64 from this annual service charge or payment in lieu of taxes which is recorded as an anticipated miscellaneous in the Current Fund. The taxes which would have been paid on these properties for 2020 without the abatement would have been \$1,143,585 of which \$447,113 would have been for the local municipal tax, minimum library tax and local open space tax.

As of December 31, 2020, the Town provides a tax abatement to a redeveloper for its residential apartment unit property in the Town pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency ("NJHMFA") Law of 1983 (N.J.S.A. 55:14K-1 et seq.), a resolution of the Mayor and Town Council and a financial agreement between the Town and the redeveloper; and with the approval of the NJHMFA as provided N.J.S.A. 55:14K-37. The exemption from real property taxation and the redeveloper' obligation to make payments in lieu of taxes shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the NJHMFA Law, may not exceed 50 years. In consideration of the full abatement of taxes, the redeveloper is required to pay to the Town an annual service charge for municipal services in an amount equal to 9% of revenues as detailed in the tax abatement agreement. In the event that a breach of the agreement by either the Town or the redeveloper or a dispute arises between the two parties, either party may apply to the Superior Court, Chancery Division to settle and resolve said dispute in such fashion as well tend to accomplish the purposes of the HMFA Law.

The Town recognized revenue in the amount of \$5,684.48 from this annual service charge or payment in lieu of taxes which is recorded as an anticipated miscellaneous in the Current Fund. The taxes which would have been paid on this property for 2020 without the abatement would have been \$32,506 of which \$12,795 would have been for the local municipal tax, minimum library tax and local open space tax.

As of December 31, 2020, the Town provides a tax abatement to a redeveloper for its warehouse/light industrial buildings, a resolution of the Mayor and Town Council and a financial agreement between the Town and the redeveloper under the provisions of the New Jersey Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 and the Local Redevelopment and Housing Law N.J.S.A. 40A:12A-1. In consideration of the full abatement of taxes, the redeveloper is required to pay to the Town an annual service charge starting on the date of substantial completion of Phase I of the related project. The annual service charge is at a rate of \$.45 per square foot increasing by two percent each January 1<sup>st</sup> following the Annual Service Charge Start Date. Additionally, 5% of the Pre-land tax credit annual service charge less 5% of the land tax credit is payable to the County of Warren. The agreement shall remain in effect until the earlier of 35 years from December 18, 2015 or 30 years from the annual service charge start date for the Phase 1 project or any unit thereof, as applicable. Neither the redeveloper nor the Town may at any time terminate this agreement.

The Town recognized revenue in the amount of \$109,860.46 from this annual service charge or payment in lieu of taxes which is recorded as miscellaneous revenue not anticipated in the Current Fund. The taxes which would have been paid on these properties for 2020 without the abatement would have been

TOWN OF PHILLIPSBURG  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 19: Tax Abatements (Cont'd)

\$275,124 of which \$108,566 would have been for the local municipal tax, minimum library tax and local open space tax. The amount due to the County of Warren is \$5,545 for 2020.

Additionally, the Town has a tax abatement related to the sewage treatment plant and receives a payment of lieu of taxes revenue annually in the amount of \$83,500.

TOWN OF PHILLIPSBURG

SUPPLEMENTARY DATA

TOWN OF PHILLIPSBURG  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2020

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Todd Tersigni	Mayor		
Randy Piazza, Jr.	President; Councilman		
Frank McVey	Vice President; Councilman		
Robert Fulper	Councilman		
Danielle DeGerolamo	Councilwoman		
Harry Wyant	Councilman		
Robert Bengivenga, Jr.	Administrator	**	
Victoria Kleiner	Municipal Clerk	**	
Robert Merlo	Chief Financial Officer	**	
Sandra Callery	Tax Collector	\$ 365,000.00	Selective Insurance Company
Craig Brotons	Tax Assessor	**	
Richard Wenner	Town Attorney		
Lisa Gorab, Esq.	Bond Counsel		
Kevin Duddy	Construction Official	**	
Patrick Kays	Acting Zoning Officer	**	
Stanley J. Schrek	Engineer		
Dennis Yoder	Engineer for Wastewater Treatment Plant		
Gerard J. Shamey	Magistrate	(1)	
Lauri Kaulius	Municipal Court Administrator	(1)	
Jennifer Toth	Prosecutor		

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

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

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

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
CURRENT FUND

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 5,012,441.51
Increased by Receipts:		
Tax Collector	\$ 34,000,220.85	
Clerk	194,605.57	
Revenue Accounts Receivable	3,411,506.33	
Petty Cash	250.00	
Due to State of N.J.:		
Veterans and Senior Citizens' Deductions	90,447.94	
Construction Code DCA Fees	10,572.00	
Nonbudget Revenue	572,882.06	
Accounts Payable	10,260.81	
2020 Appropriation Refunds	15,524.16	
County Taxes Payable - Payment in Lieu of Taxes	5,544.93	
Due to Federal and State Grant Fund:		
Federal and State Grants Receivable	1,698,170.43	
Due from Other Trust Funds:		
Partial Settlement of Prior Year Interfund	605.66	
Due from General Capital Fund:		
Settlement of Prior Year Interfund	193.83	
Due from Payroll Accounts:		
Settlement of Prior Year Interfund - Net	91.51	
Due from Claims Account:		
Settlement of Prior Year Interfund	548.11	
	<hr/>	40,011,424.19
		45,023,865.70
Decreased by Disbursements:		
2020 Appropriation Expenditures	15,376,013.61	
2019 Appropriation Reserves	906,228.76	
Petty Cash	500.00	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	1,554,679.45	
Prior Year Encumbrances Payable	2,329.02	
Due to Sewer Utility Operating Fund:		
Sewer Lien Redemption	214.31	
Due to Other Trust Funds:		
Partial Settlement of Prior Year Interfund	1,377.30	
Municipal Open Space	142,266.19	
Refund of Tax Sale Premiums	399,372.00	
Local School District Taxes	12,538,109.96	
County Taxes	4,880,864.53	
Accounts Payable	83,585.99	
Refund of Tax Overpayments	20,497.49	
Refund of Prior Year Revenue	14,796.34	
Due to State of N.J.:		
Construction Code DCA Fees	11,122.00	
Reserve for:		
Revaluation	1,000.00	
Library	105,803.73	
	<hr/>	36,038,760.68
Balance December 31, 2020	A	<u>\$ 8,985,105.02</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

Balance December 31, 2019	<u>Ref.</u> A	\$ 6,679,781.97
Increased by Receipts:		
Taxes Receivable	\$ 28,507,004.76	
Tax Title Liens Redemption	11,557.63	
2021 Prepaid Taxes	397,083.75	
Interest and Costs on Taxes	197,416.97	
Due to Other Trust Funds:		
Tax Sale Premiums	449,000.00	
Due to Sewer Utility Operating Fund:		
Redemption of Sewer Lien	214.31	
Redemption of Outside Liens	1,006,837.01	
Interest on Deposits	25,299.73	
Miscellaneous Revenue Not Anticipated:		
Municipal Charges Receivable	16,991.48	
Municipal Charges Liens Receivable	1,512.50	
Tax Sale Costs	15,113.82	
Miscellaneous	19,961.99	
Tax Overpayments	19,376.19	
		<u>30,667,370.14</u>
		37,347,152.11
Decreased by:		
Payments to Treasurer	34,000,220.85	
Refund of Outside Liens	1,006,584.23	
		<u>35,006,805.08</u>
Balance December 31, 2020	A	<u>\$ 2,340,347.03</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF CASH - CLERK

Balance December 31, 2019	<u>Ref.</u> A	\$	3,992.21
Increased by Receipts:			
Due to State of NJ:			
Marriage License Fees		\$	1,848.00
Dog License Fees			1,601.40
Due to Animal Control Fund:			
Dog License Fees			7,680.40
Dog License Late Fees			430.00
Cat License Fees			1,641.50
Due to Other Trust Funds:			
Reserve for Dog Park User Fees			120.00
Revenue Accounts Receivable:			
Alcoholic Beverages Licenses			34,050.00
Other Licenses			1,162.00
Fees and Permits			155,793.70
Interest on Deposits			418.76
Parking Meters			4,980.00
			<hr/>
			209,725.76
			<hr/>
			213,717.97
Decreased by:			
Payments to Treasurer - Current Fund			194,605.57
Payment to Animal Control Fund:			
Interfund Advanced			7.00
Dog License Fees			7,680.40
Dog License Late Fees			430.00
Cat License Fees			1,641.50
Due to Other Trust Funds:			
Reserve for Dog Park User Fees			120.00
Payments to State of NJ:			
Department of Health - Dog License Fees			1,601.40
Marriage License Fees			1,500.00
			<hr/>
			207,585.87
			<hr/>
Balance December 31, 2020	A	\$	<u><u>6,132.10</u></u>

TOWN OF PHILLIPSBURG  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Year	Balance Dec. 31, 2019	2020 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2020
			2019	2020				
2015	\$ 3,959.87							\$ 3,959.87
2016	4,022.96							4,022.96
2017	5,849.78							5,849.78
2018	4,104.41							4,104.41
2019	975,770.44							4,981.61
	993,707.46				\$ (1,810.27)		\$ 4,745.73	22,918.63
					(1,810.27)		4,745.73	
2020		\$ 28,791,845.36	\$ 189,043.54	27,539,158.87	93,303.42	\$ 17,436.47	25,812.21	927,090.85
	\$ 993,707.46	\$ 28,791,845.36	\$ 189,043.54	\$ 28,507,004.76	\$ 91,493.15	\$ 17,443.95	\$ 30,557.94	\$ 950,009.48

Ref.

A

A

Analysis of 2020 Property Tax Levy:

## Tax Yield:

General Purpose Tax	\$ 28,751,997.08
Added Taxes (54:4-63.1 et seq.)	39,848.28
	<u>\$ 28,791,845.36</u>

## Tax Levy:

Local School District Taxes	\$ 12,660,913.00
County Taxes:	
County Taxes	\$ 4,688,193.85
County Open Space Taxes	187,142.93
Due County for Added and Omitted Taxes	6,774.63
	<u>4,882,111.41</u>
Municipal Open Space	
Additional Open Space- Municipal	142,463.12
	<u>17,685,487.53</u>
Local Tax for Municipal Purposes	
Municipal Library Taxes	10,828,827.70
Additional Taxes Levied	244,578.01
	<u>32,952.12</u>
	<u>11,106,357.83</u>
	<u>\$ 28,791,845.36</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>Ref.</u>		
Balance December 31, 2019	A	\$	175,390.64
Increased by:			
Transfer from Taxes Receivable		\$	30,557.94
Interest and Costs on Tax Sale			4,147.29
			<u>34,705.23</u>
			210,095.87
Decreased by:			
Tax Title Liens Redeemed			11,557.63
Cancelled			726.36
Transfers to Property Acquired for Taxes			23,142.02
			<u>35,426.01</u>
Balance December 31, 2020	A	\$	<u><u>174,669.86</u></u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF MUNICIPAL LIEN CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 21,668.92
Increased By:		
Municipal Charges Transferred to Liens		57,591.77
		<u>79,260.69</u>
Decreased by:		
Municipal Charges Liens Redeemed		1,512.50
		<u>1,512.50</u>
Balance December 31, 2020	A	<u>\$ 77,748.19</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF MUNICIPAL CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 16,125.00
Increased By:		
Municipal Charges Imposed		70,880.75
		<u>87,005.75</u>
Decreased By:		
Cancellation		\$ 3,075.00
Collections - Municipal Charges		16,991.48
Transfer to Municipal Charges Liens		57,591.77
		<u>77,658.25</u>
Balance December 31, 2020	A	<u>\$ 9,347.50</u>

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued In 2020	Collected by Treasurer	Collected by Clerk	Balance Dec. 31, 2020
Alcoholic Beverages Licenses		\$ 34,050.00		\$ 34,050.00	
Other Licenses		1,162.00		1,162.00	
Fees and Permits		199,105.62	\$ 43,311.92	155,793.70	
Municipal Court:					
Fines and Costs	\$ 11,364.00	106,112.07	111,570.76		\$ 5,905.31
Interest on Investments and Deposits		85,933.53	85,933.53		
Parking Meters		4,980.00		4,980.00	
Consolidated Municipal Property Tax Relief Aid		201,387.00	201,387.00		
Energy Receipts Taxes		1,804,014.00	1,804,014.00		
Uniform Construction Code Fees		408,561.00	408,561.00		
Payment in Lieu of Taxes - Federal Housing Project		168,526.64	168,526.64		
Payment in Lieu of Taxes - Phillipmain LLC		5,684.48	5,684.48		
Payment in Lieu of Taxes - Sewage Treatment		83,500.00	83,500.00		
Cable TV Franchise Fee		50,617.00	50,617.00		
Shared Service Agreement - Borough of Alpha:					
Police Services		425,000.00	425,000.00		
Municipal Court		23,400.00	23,400.00		
	<u>\$ 11,364.00</u>	<u>\$ 3,602,033.34</u>	<u>\$ 3,411,506.33</u>	<u>\$ 195,985.70</u>	<u>\$ 5,905.31</u>

Ref.

A

A

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

	Balance Dec. 31, 2019	Budget Revenue Realized	Received	Balance Dec. 31, 2020
Municipal Alliance:				
2015	\$ 974.02			\$ 974.02
2016	25.08			25.08
2017	182.00			182.00
2018	1,495.00			1,495.00
2019	12,240.00			12,240.00
2020		\$ 4,979.00		4,979.00
N.J. Department of Health and Human Services				
Youth Corps - TANF	54,500.00		\$ 54,500.00	
N.J. Youth Corps - RISE - Opioid Initiative	31,103.00		31,103.00	
N.J. Department of Labor and Workforce Development:				
WIA/WIOA Youth Activities	129,348.00		129,348.00	
N.J. Youth Corps - 2017 - ALWY18N	20,952.00			20,952.00
N.J. Youth Corps - 2018 - ALWY19N	4,100.00			4,100.00
N.J. Youth Corps - 2019 - ALWY20N	63,359.00		63,359.00	
N.J. Youth Corps - 2020 - ALWY21N		478,134.00	170,850.00	307,284.00
N.J. Transportation Trust Fund Authority Act:				
Municipal Aid:				
2016 - Heckman Street Phase I	68,645.25		68,645.25	
2017 - Heckman Street Phase II	65,317.50		65,317.50	
2018 - Heckman Street Phase III	121,378.62		121,378.62	
2019 - Heckman Street Phase IV	121,378.62		121,378.62	
Urban Aid:				
2018 - Heckman Street Phase III	200,886.38		52,265.00	148,621.38
2019 - Heckman Street Phase IV	93,502.38		58,881.00	34,621.38
2020 Municipal Aid - Warren Street		254,990.00		254,990.00
N.J. Department of Community Affairs:				
Small Cities CDBG - ADA Improvement	290,000.00			290,000.00
Neighborhood Preservation Grant	100,000.00			100,000.00

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

(Continued)

	Balance Dec. 31, 2019	Budget Revenue Realized	Received	Balance Dec. 31, 2020
Body Armor Replacement Grant - 2020				
Bulletproof Vest Partnership Grant :				
2016	\$ 3,960.00	\$ 3,857.38	\$ 3,857.38	\$ 3,960.00
2017	6,611.91			6,611.91
2020		2,958.97		2,958.97
Clean Communities Program - 2020				
Recycling Tonnage Grant - 2020		32,610.99	32,610.99	
NJ Highlands Council:		19,545.00	19,545.00	
2009 Plan Conformance Grant	15,620.39			15,620.39
2009 Plan Conformance Grant - Supplemental	81,894.50			81,894.50
N.J. Department of Environmental Protection:				
Green Acres Delaware Heights	170,416.51			170,416.51
Warren County Department of Human Services:				
Station House Adjustment Program - 2019	3,619.00		3,619.00	
Station House Adjustment Program - 2020		14,476.00	7,238.00	7,238.00
FEMA Generators	124,500.00			124,500.00
Community Policing Grant	1,665.44			1,665.44
Elizabeth Town Gas Road Improvement		494,274.07	494,274.07	
2018 School Resource Officer	19,485.09			19,485.09
2019 School Resource Officer	200,000.00		200,000.00	
2020 School Resource Officer		206,000.00		206,000.00
	<u>\$ 2,007,159.69</u>	<u>\$ 1,511,825.41</u>	<u>\$ 1,698,170.43</u>	<u>\$ 1,820,814.67</u>

Ref.

A

Federal Grants	\$ 671,713.99
State Grants	321,325.37
Local Grants	705,131.07
	<u>\$ 1,698,170.43</u>

A

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 2,132.44	\$ 2,132.44	\$ 2,100.00	\$ 32.44
Other Expenses	4,417.41	4,417.41	4,297.50	119.91
Human Resources:				
Other Expenses	35.48	35.48		35.48
Mayor and Council:				
Salaries and Wages	1,618.11	1,618.11	1,600.00	18.11
Other Expenses	7,761.43	7,761.43	791.02	6,970.41
Municipal Clerk:				
Salaries and Wages	6,319.26	6,319.26	6,256.94	62.32
Other Expenses	6,862.38	6,862.38	1,621.18	5,241.20
Financial Administration:				
Salaries and Wages	4,900.99	4,900.99	4,881.26	19.73
Other Expenses	7,347.04	7,347.04	6,115.73	1,231.31
Audit Services	305.00	305.00		305.00
Revenue Administration:				
Salaries and Wages	3,954.54	3,954.54	3,883.25	71.29
Other Expenses	5,569.10	5,569.10	1,685.55	3,883.55
Tax Assessment Administration:				
Salaries and Wages	3,343.26	3,343.26	3,244.39	98.87
Other Expenses	3,546.10	3,546.10	3,283.93	262.17
Legal Services:				
Other Expenses	76,566.38	61,566.38	60,692.09	874.29
Engineering Services:				
Other Expenses	37,413.72	37,413.72	27,375.00	10,038.72
LAND USE ADMINISTRATION:				
Planning Board:				
Other Expenses	500.00	500.00		500.00
PUBLIC SAFETY FUNCTIONS:				
Police Department:				
Salaries and Wages	231,178.57	186,178.57	186,133.90	44.67
Other Expenses	154,195.64	164,195.64	148,894.31	15,301.33
Emergency Management Services:				
Salaries and Wages	17.61	17.61		17.61
Other Expenses	1,154.08	1,154.08	1,154.08	
Aid to First Aid Organization	15,000.00	15,000.00	15,000.00	
Fire Department:				
Salaries and Wages	17.39	17.39		17.39
Other Expenses	8,597.83	8,597.83	8,584.00	13.83
Supplemental Fire Services Program	7,000.00	7,000.00	7,000.00	

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Municipal Prosecutor:				
Salaries and Wages	\$ 208.36	\$ 208.36	\$ 200.00	\$ 8.36
PUBLIC WORKS FUNCTIONS:				
Streets and Roads Maintenance:				
Salaries and Wages	5,093.22	5,093.22	5,000.00	93.22
Other Expenses	83,157.66	83,157.66	79,954.24	3,203.42
Other Public Works Functions:				
Salaries and Wages	2,004.08	2,004.08	1,934.47	69.61
Other Expenses	1,483.07	1,483.07	1,283.33	199.74
PEOSHA	13,074.73	13,074.73	2,327.78	10,746.95
Solid Waste Collection:				
Salaries and Wages	5,906.44	5,906.44	5,833.93	72.51
Buildings and Grounds:				
Salaries and Wages	12,183.26	12,183.26	12,151.08	32.18
Other Expenses	63,717.63	63,717.63	15,386.74	48,330.89
Vehicle Maintenance:				
Salaries and Wages	6,247.02	6,247.02	6,209.99	37.03
Other Expenses	19,543.16	19,543.16	17,636.27	1,906.89
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control Services:				
Salaries and Wages	5,162.48	5,162.48	5,109.61	52.87
Other Expenses	12,726.22	12,726.22	1,352.02	11,374.20
Contributions to Social Services:				
Other Expenses	19,880.00	19,880.00	5,000.00	14,880.00
PARKS AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	962.92	962.92	900.00	62.92
Other Expenses	9,734.69	9,734.69	3,330.77	6,403.92
Municipal Swimming Pool:				
Salaries and Wages	15.50	15.50		15.50
Other Expenses	373.72	373.72		373.72
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	29,848.52	29,848.52	7,072.56	22,775.96
Street Lighting	30,094.82	30,094.82	30,094.01	0.81
Telephone:	12,121.57	12,121.57	9,485.88	2,635.69
Water	52,684.96	108,684.96	92,084.93	16,600.03
Gas (Natural or Propane)	3,366.15	14,366.15	12,933.03	1,433.12
Gasoline	36,047.86	36,047.86	20,316.15	15,731.71

TOWN OF PHILLIPSBURG  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
SOLID WASTE DISPOSAL COSTS:				
Waste Disposal:				
Other Expenses	\$ 61,346.95	\$ 61,346.95	\$ 43,033.25	\$ 18,313.70
Municipal Court:				
Salaries and Wages	18,754.75	18,754.75	18,706.28	48.47
Other Expenses	7,249.50	7,249.50	2,205.74	5,043.76
Public Defender (P.L. 1998 Chapter 256):				
Salaries and Wages	9.78	9.78		9.78
INSURANCE:				
Liability Insurance	1,242.05	1,242.05		1,242.05
Workers Compensation Insurance	63.96	63.96		63.96
Employees Group Insurance	35,301.24	25,301.24	4,896.26	20,404.98
Health Benefit Waivers	32,000.00	42,000.00	39,408.74	2,591.26
UNIFORM CONSTRUCTION CODE:				
Code Enforcement:				
Salaries and Wages	18,492.11	18,492.11	18,437.28	54.83
Other Expenses	33,273.58	16,273.58	11,831.27	4,442.31
STATUTORY EXPENDITURES:				
Social Security System (O.A.S.I)	856.98	856.98	800.00	56.98
Unemployment Compensation Insurance	94.19	94.19		94.19
Defined Contribution Retirement Program	4,759.24	4,759.24		4,759.24
Capital Lease Obligations	4,185.30	4,185.30	4,185.30	
Maintenance of Free Public Library	84,852.24	84,852.24	20,188.04	64,664.20
Recycling Tax (P.L.2007, C.311)	9,428.00	9,428.00	5,217.00	4,211.00
	<u>\$ 1,330,151.87</u>	<u>\$ 1,330,151.87</u>	<u>\$ 1,000,127.25</u>	<u>\$ 330,024.62</u>

Ref.

Analysis of Balance on December 31, 2019:

Unencumbered	A	\$ 990,132.46
Encumbered	A	<u>340,019.41</u>
		<u>\$ 1,330,151.87</u>

Cash Disbursed	\$ 906,228.76
Due to Other Trust Funds - Reserve for Accumulated Sick and Vacation	75,000.00
Accounts Payable	<u>18,898.49</u>
	<u>\$ 1,000,127.25</u>

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

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 2,424,110.46
Increased by:		
2020 Calendar Year Levy		<u>12,660,913.00</u>
		15,085,023.46
Decreased by:		
Payments to Local School District		<u>12,538,109.96</u>
Balance December 31, 2020	A	<u><u>\$ 2,546,913.50</u></u>

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

	Balance Dec. 31, 2019	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2020
Clean Communities Program:						
2019	\$ 6,307.76	\$				\$ 6,307.76
2020		32,610.99	\$ 28,337.14			4,273.85
Drunk Driving Enforcement Fund:						
2019	1,523.26		762.34			760.92
Municipal Alliance Program:						
2019	8,355.92		5,459.00	\$ 600.00	\$ 45.00	2,341.92
2020	4,303.19	4,979.00	116.00			4,979.00
Board of Education - Prior Years						4,187.19
Local Match - 2020		1,245.00				1,245.00
Neighborhood Preservation Grant - 2019 - Local Match		25,000.00	9,055.92			15,944.08
Body Armor Replacement Grant:						
2019	53.67					53.67
2020		3,857.38		3,857.38		
Bulletproof Vest Partnership Grant - 2020		2,958.97		2,503.82		455.15
N.J. Department of Health and Human Services:						
Youth Corps-TANF						
N.J. Youth Corps - RISE - Opioid Initiative	54,500.00		54,500.00			
N.J. Department of Labor and Workforce Development:	34,792.23		34,792.23			
WIA/WIOA Youth Activities						
N.J. Youth Corps	129,445.00		129,445.00			
Shared Service - School Resource Officer	93,177.00	478,134.00	204,350.00	38,000.00		328,961.00
Small Cities CDBG - ADA Improvement	111,282.26	206,000.00	87,827.87	4,442.30		225,012.09
N.J. Transportation Trust Fund Authority Act:	269,700.00			11,503.20	11,503.20	269,700.00
2013 Municipal Aid	1,050.00					1,050.00
Municipal Aid - Heckman Street - Phase III	121,378.62		121,378.62			
Urban Aid - Heckman Street - Phase III	200,886.38		167,451.50	33,434.88		
Municipal Aid - Heckman Street - Phase IV	121,378.62		121,378.62			
Urban Aid - Heckman Street - Phase IV	93,502.38		28,598.36			64,904.02
2016 Municipal Aid - Washington Street	92,425.71					92,425.71
2020 Municipal Aid - Warren Street		254,990.00				254,990.00

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

	Balance Dec. 31, 2019	Transferred from Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2020
Recycling Tonnage Grant:						
2018	\$ 1,740.98					\$ 1,740.98
2019	19,545.00					19,545.00
2020		\$ 19,545.00				19,545.00
State of NJ Highlands Council:						
Plan Conformance Grant - Supplemental	34,135.11		\$ 15,310.10		\$ 450.00	19,275.01
NJ Department of Environmental Protection:						
Green Acres Delaware Heights	99,440.33					99,440.33
National Park Services:						
Rivers, Trails and Conservation Assistance Program:						
2020	278.66					\$ 278.66
Warren County DARE Officers Association	242.08					242.08
Aqua Road Improvement Donations:						
2020	184,028.84		156,404.08	27,624.76		
FEMA Generators	124,500.00		103,414.50	21,085.50		
Station House Adjustment Program	2,526.15	14,476.00	10,596.83			6,405.32
Neighborhood Preservation Program	125,000.00		24,261.02			100,738.98
Community Policing Grant	10,000.00					10,000.00
Rotary Club - Heritage Trail Donation	1,000.00					1,000.00
Elizabethtown Gas Road Improvement	411,846.79	494,274.07	251,240.32	64,069.56		590,810.98
	\$ 2,358,345.94	\$ 1,538,070.41	\$ 1,554,679.45	\$ 207,121.40	\$ 11,998.20	\$ 2,146,613.70
Ref	A			A		A
Federal/State/Local Grants	\$ 1,511,825.41					
Local Matching Funds	26,245.00					
	\$ 1,538,070.41					
Federal Grants			\$ 726,166.60	\$ 68,527.40	\$ 11,503.20	
State Grants			289,010.81	42,457.38	495.00	
Local Grants			539,502.04	96,136.62		
	\$ 1,554,679.45	\$ 1,554,679.45	\$ 207,121.40	\$ 207,121.40	\$ 11,998.20	

TOWN OF PHILLIPSBURG  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
TRUST FUNDS

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2019	B	\$ 8,828.86	\$ 1,816,092.61
Increased by Receipts:			
Dog License Fees		\$ 7,680.40	
Cat License Fees		1,641.50	
Dog/Cat License Late Fees		430.00	
Interest Earned		94.58	
Due to/from Current Fund:			
Interfund Advanced		7.00	
Donation			\$ 390.00
Settlement of Prior Year Interfund			154.17
Interest Earned			1,235.05
Community Development Revolving Loan Program:			
Program Receivable - Principal Repayments			9,466.54
Interest on Deposits/Loans			6,040.20
Reserve for:			
Planning/Zoning Board Escrow			429,997.26
Public Defender:			
Receipts			1,825.00
Interest Earned			52.88
Parking Offense Adjudication Act			182.00
Bernards Township R.C.A. Program:			
Interest Earned			1,164.73
Police Outside Services:			
Receipts			748,834.64
Accounts Receivable (Police Outside Services)			35,972.92
Accumulated Sick and Vacation			75,000.00
Storm Recovery - CARES			47,947.76
Storm Recovery			50,000.00
Small Cities Block Grants - Program Income			10,784.00
Fire Safety Dedicated Penalties			4,500.00
Donations			25.00
Non-Residential Development Fees			763,307.50
Dog Park User Fees			120.00
Federally Funded Housing Assistance (Section 8 Program):			2,114,726.00
Flexible Spending Benefits Deposits			18,199.00
Open Space			142,266.19
		<u>9,853.48</u>	<u>4,462,190.84</u>
		18,682.34	6,278,283.45

TOWN OF PHILLIPSBURG  
TRUST FUNDS  
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Administrative Expenses		\$ 2,293.62	
Accounts Payable		5,000.00	
Due to/from Current Fund:			
2020 Budget Expenditures			\$ 15,322.12
Settlement of Prior Year Interfund			605.66
Reserve for:			
Public Defender			11.50
Planning/Zoning Board Escrow			290,988.40
Accumulated Sick and Vacation			27,120.73
Federally Funded Housing Assistance (Section 8 Program):			
Program Expenditures			1,992,691.21
Police Outside Services			749,962.26
Storm Recovery - Local Government Emergency Fund (LGEF) COVID-19 Mitigation			47,947.76
Storm Recovery			5,457.65
Fire Safety Dedicated Penalties			4,914.00
Community Development Revolving Loan Program:			
Legal Fees			6,526.63
Dog Park User Fees			290.95
Flexible Spending Benefits Disbursements			17,479.01
Open Space			16,815.08
		\$ 7,293.62	\$ 3,176,132.96
Balance December 31, 2020	B	\$ 11,388.72	\$ 3,102,150.49

TOWN OF PHILLIPSBURG  
ASSESSMENT TRUST FUND  
ANALYSIS OF ASSESSMENT TRUST FUND CASH  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2019	B	\$	3,076.61
Increased by:			
Cash Received in Animal Control Fund:			
Dog License Fees		\$	7,680.40
Cat License Fees			1,641.50
Cat/Dog License Late Fees			430.00
Interest Earned			94.58
			<u>9,846.48</u>
			<u>12,923.09</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11			<u>2,293.62</u>
Balance December 31, 2020	B	\$	<u><u>10,629.47</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	\$ 11,671.64
2019	<u>10,759.46</u>
Maximum Allowable Reserve	<u><u>\$ 22,431.10</u></u>

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
GENERAL CAPITAL FUND

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 255,050.06
Increased by:		
Capital Improvement Fund:		
2020 Budget Appropriation	\$ 55,000.00	
Capital Fund Balance:		
Premium on Bond Anticipation Notes	24,275.96	
Bond Anticipation Notes Issued	2,755,000.00	
Due to Current Fund:		
Interest Earned	852.22	
		2,835,128.18
		<u>3,090,178.24</u>
Decreased by:		
Due to Current Fund:		
Settlement of Prior Year Interfund	193.83	
Prior Year Contracts Payable	457,192.19	
Improvement Authorization Expenditures	1,471,872.71	
		1,929,258.73
Balance December 31, 2020	C	<u>\$ 1,160,919.51</u>

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

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2019	Receipts		Disbursements			Transfers		Balance (Deficit) Dec. 31, 2020
			Miscellaneous	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorization Expenditures	From	To	
Fund Balance		\$ 12,565.22	\$ 24,275.96		\$ 55,000.00			\$ 55,000.00		\$ 36,841.18
Capital Improvement Fund		23,319.84								23,319.84
Due To Current Fund		193.83	852.22			\$ 193.83				852.22
Reserve for Encumbrances									\$ 577,130.07	577,130.07
Reserve for Capital Projects		36,780.16								36,780.16
Reserve for Contracts Payable		683,227.94				457,192.19		226,035.75		
05-18	Various Capital Improvements	357.26								357.26
06-20	Various Capital Improvements	25,826.14					7,149.00			18,677.14
07-07	Various Capital Improvements	6,827.51								6,827.51
08-12	Various Capital Improvements	118.81								118.81
11-09	Various Capital Improvements	263.76								263.76
12-07	Various Capital Improvements	27,693.63								27,693.63
13-10	Various Capital Improvements	4,026.91						4,026.91		
14-11/R20-115	Various Capital Improvements	130,184.52					2,863.00			93,260.25
15-13/R20-115	Various Capital Improvements	76,103.11					34,685.84			18,360.44
15-17	Installation of New Town Phone System	(6,800.00)		\$ 10,100.00			3,300.00			
16-13	Various Capital Improvements	82,309.29					5,200.00	41,253.00		35,856.29
16-20	Engineering for Heritage Trails	150.00								150.00
17-03/19-07	Preliminary Costs for Municipal Building	57,465.66					180.00	13,727.50	1,495.00	45,053.16
17-06	Various Capital Improvements	441,736.56					103,987.95	8,478.91		329,269.70
17-22	Purchase of Multi-Space Parking Kiosk	5,869.15								5,869.15
18-15	Various Capital Improvements	(1,117,448.58)		1,670,195.00			132,456.48	69,733.50	1,217.70	351,774.14
19-17	Various Capital Improvements	(5,911.76)		1,074,705.00			316,704.32	99,061.04		653,027.88
19-19/20-14	Improvements to Armory	(229,808.90)					144,972.35	36,500.00		(411,281.25)
20-12	Various Capital Improvements						670,036.96	74,244.87	55,000.00	(689,281.83)
R20-115	Renovations/Improvements to Various Town Parks						50,336.81	48,034.29	98,371.10	
		\$ 255,050.06	\$ 25,128.18	\$ 2,755,000.00	\$ 55,000.00	\$ 457,386.02	\$ 1,471,872.71	\$ 733,213.87	\$ 733,213.87	\$ 1,160,919.51

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

Ord. No.	Improvement Description	Balance	2020	Balance	Bond	Unexpended
		Dec. 31, 2019	Authorizations	Dec. 31, 2020	Anticipation Notes	Improvement Authorizations
General Improvements:						
15-17	Installation of New Town Phone System	\$ 10,100.00		\$ 10,100.00		
17-03/19-07	Preliminary Costs for Municipal Building	6,190,000.00		6,190,000.00		\$ 6,190,000.00
17-06	Various Capital Improvements	830.00		830.00		830.00
18-15/20-04/						
20-13	Various Capital Improvements	1,670,195.00		1,670,195.00		
19-17	Various Capital Improvements	1,074,860.00		1,074,705.00		155.00
19-19/20-14	Improvements to Armory	1,333,000.00		1,333,000.00	\$ 411,281.25	921,718.75
20-12	Various Capital Improvements		\$ 1,045,000.00	1,045,000.00	689,281.83	355,718.17
		\$ 10,278,985.00	\$ 1,045,000.00	\$ 11,323,985.00	\$ 2,755,000.00	\$ 7,468,421.92

Ref.

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Analysis of Unexpended Improvement Authorizations:

## Improvement Authorizations - Unfunded

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. #18-15/20-04/20-13 Various Capital Improvements

Ord. #19-17 Various Capital Improvements

\$ 8,473,223.94

\$ (351,774.14)  
(653,027.88)

(1,004,802.02)

\$ 7,468,421.92

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance		2020 Authorizations		Prior Year Contracts Payable Canceled	Ordinance Reappropriations	Balance		
		Date	Amount	December 31, 2019	Unfunded	Deferred Charges to Future Taxation - Unfunded	Capital Improvement Fund			Paid or Charged	December 31, 2020	Unfunded
<u>General Improvements:</u>												
05-18	Various Capital Improvements	7/17/2018	\$ 1,670,195	\$ 357.26						\$ 357.26		
06-20	Various Capital Improvements	5/2/2006	2,283,842.00	25,826.14						18,677.14		
07-07	Various Capital Improvements	5/1/2007	795,800.00	6,827.51				\$ 7,149.00		6,827.51		
08-12	Various Capital Improvements	4/8/2008	814,600.00	118.81						118.81		
11-09	Various Capital Improvements	5/17/2009	692,815.00	263.76						263.76		
12-07	Various Capital Improvements	4/17/2012	599,766.00	27,693.63						27,693.63		
13-10	Various Capital Improvements	5/7/2013	517,500.00	4,026.91								
14-11/R20-115	Various Capital Improvements	4/2/2014	1,171,100.00	130,184.52					\$ (34,061.27)	93,260.25		
15-13/R20-115	Various Capital Improvements	5/5/2015	742,865.00	76,103.11	\$ 3,300.00				(23,056.83)	18,360.44		
15-17	Installation of New Town Phone System	9/15/2015	50,000.00						(41,253.00)	35,856.29		
16-13	Various Capital Improvements	5/3/2016	1,346,700.00	82,309.29						150.00		
16-20	Engineering for Heritage Trails	8/16/2016	10,000.00	150.00				\$ 1,495.00		45,053.16	\$ 6,190,000.00	
17-03/19-07	Preliminary Costs for Municipal Building	2/20/2019	6,500,000.00	57,465.66	6,190,000.00					329,269.70	830.00	
17-06	Various Capital Improvements	6/20/2017	1,311,400.00	441,736.56	830.00			112,466.86		5,869.15		
17-22	Purchase of Multi-Space Park Kiosk	10/3/2017	20,000.00	5,869.15								
18-15/20-04/20-13	Various Capital Improvements	8/7/2018	1,758,100.00		552,746.42			1,217.70		202,189.98	351,774.14	
19-17	Various Capital Improvements	6/18/2019	1,131,432.00		1,068,948.24			415,765.36		653,182.88		
19-19/20-14	Improvements to Armory	8/20/2019	1,400,000.00		1,103,191.10			181,472.35		921,718.75		
20-12	Various Capital Improvements	5/19/2020	1,100,000.00			\$ 1,045,000.00	\$ 55,000.00	744,281.83		355,718.17		
R20-115	Renovations/Improvements to Various Town Parks	5/19/2020	98,371.10					98,371.10				
				\$ 858,932.31	\$ 8,919,015.76	\$ 1,045,000.00	\$ 55,000.00	\$ 2,712.70	\$ -0-	\$ 581,757.10	\$ 8,473,223.94	
				C	C					C	C	
		<u>Ref.</u>										
			Cash Disbursed	<u>Ref.</u>								
			Encumbrances	C								
				\$ 1,471,872.71								
				353,807.02								
				\$ 1,825,679.73								

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 23,319.84
Increased by:		
2020 Budget Appropriation		55,000.00
		<u>78,319.84</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations		55,000.00
		<u>55,000.00</u>
Balance December 31, 2020	C	<u>\$ 23,319.84</u>

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2020

Ord. No.	Improvement Description	Date of			Interest Rate	Issued	Balance Dec. 31, 2020
		Issue of Original Note	Issue	Maturity			
15-17	Installation of New Town Phone System	06/02/20	06/02/20	06/01/21	2.00%	\$ 10,100.00	\$ 10,100.00
18-15; 20-04; 20-13	Various Capital Improvements	06/02/20	06/02/20	06/01/21	2.00%	1,670,195.00	1,670,195.00
19-17	Various Capital Improvements	06/02/20	06/02/20	06/01/21	2.00%	1,074,705.00	1,074,705.00
						<u>\$ 2,755,000.00</u>	<u>\$ 2,755,000.00</u>
						C	
						<u>\$ 2,755,000.00</u>	
						<u>\$ 2,755,000.00</u>	

TOWN OF PHILLIPSBURG  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance		Balance Dec. 31, 2020
			Date	Outstanding Dec. 31, 2020 Amount		Dec. 31, 2019	Matured	
General Improvements	8/15/2017	\$ 6,102,000.00	8/15/2021	\$ 525,000.00	4.000%	\$ 5,097,000.00	\$ 515,000.00	\$ 4,582,000.00
			8/15/2022	540,000.00	4.000%			
			8/15/2023	550,000.00	2.000%			
			8/15/2024	565,000.00	2.000%			
			8/15/2025	580,000.00	2.000%			
			8/15/2026	595,000.00	2.000%			
			8/15/2027	605,000.00	1.125%			
			8/15/2028	622,000.00	2.250%			
						<u>\$ 5,097,000.00</u>	<u>\$ 515,000.00</u>	<u>\$ 4,582,000.00</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	Matured	Balance Dec. 31, 2020
01-16	Improvements to Delaware Heights Park	\$ 87,484.58	\$ 13,865.08	\$ 73,619.50
	<u>Ref.</u>	C		C

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS OUTSTANDING DECEMBER 31, 2020

Payment Number	Due Date	Interest	Principal	Balance of Loan
				\$ 73,619.50
19	1/11/21	\$ 736.19	\$ 7,036.70	66,582.80
20	7/11/21	665.83	7,107.07	59,475.73
21	1/11/22	594.76	7,178.14	52,297.59
22	7/11/22	522.98	7,249.93	45,047.66
23	1/11/23	450.48	7,322.42	37,725.24
24	7/11/23	377.25	7,395.65	30,329.59
25	1/11/24	303.30	7,469.60	22,859.99
26	7/11/24	228.60	7,544.30	15,315.69
27	1/11/25	153.16	7,619.74	7,695.95
28	7/11/25	76.96	7,695.95	-0-
		<u>\$ 4,109.51</u>	<u>\$ 73,619.50</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2020
15-17	Installation of New Town Phone System	\$ 10,100.00		\$ 10,100.00	
17-03/19-07	Preliminary Costs for Municipal Buildings	6,190,000.00			\$ 6,190,000.00
17-06	Various Capital Improvements	830.00			830.00
18-15/-20-04/20-13	Various Capital Improvements	1,670,195.00		1,670,195.00	
19-17	Various Capital Improvements	1,074,860.00		1,074,705.00	155.00
19-19/20-14	Various Capital Improvements	1,333,000.00			1,333,000.00
20-12	Various Capital Improvements		\$ 1,045,000.00		1,045,000.00
		<u>\$ 10,278,985.00</u>	<u>\$ 1,045,000.00</u>	<u>\$ 2,755,000.00</u>	<u>\$ 8,568,985.00</u>

TOWN OF PHILLIPSBURG  
COUNTY OF WARREN  
2020  
SEWER UTILITY FUND

TOWN OF PHILLIPSBURG  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

		<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	E	\$ 1,704,500.68	\$ 3,457,615.82
Increased by Receipts:			
Utility Collector		\$ 2,000,000.00	
Sewer Rents - Other Municipalities		1,751,613.52	
Overpayments - Other Municipalities		80.76	
Nonbudget Revenue		298,195.66	
Due from Sewer Utility Capital Fund:			
Settlement of Prior Year Interfund		2,202.49	
2020 Budget Appropriation:			
Capital Improvement Fund			\$ 100,000.00
Reserve for Sewer Improvements			246,294.00
Accounts Payable		29,330.98	
Due to Sewer Utility Operating Fund:			
Interest Earned			1,350.50
Interfund Advanced			1,000.00
		<u>4,081,423.41</u>	<u>348,644.50</u>
		5,785,924.09	3,806,260.32
Decreased by Disbursements:			
2020 Appropriation Expenditures		4,029,987.59	
2019 Appropriation Reserves		71,900.32	
Accrued Interest on Loans		107,675.27	
Accounts Payable		278,690.25	
Rent Overpayment Refunds		40.38	
Due from Sewer Utility Capital Fund:			
Interfund Advanced		1,000.00	
Miscellaneous Reserves		4,155.20	
Prior Year Encumbrances			88,069.57
Improvement Authorization Expenditures			1,601,942.52
Due to/from Sewer Utility Operating Fund:			
2020 Budget Expenditures			117,250.00
Settlement of Prior Year Interfund			2,202.49
		<u>4,493,449.01</u>	<u>1,809,464.58</u>
Balance December 31, 2020	E	<u>\$ 1,292,475.08</u>	<u>\$ 1,996,795.74</u>



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

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 483,563.60
Increased by:		
Consumer Accounts Receivable		\$ 1,944,453.98
Sewer Rent Overpayments		17,886.63
Interest on Sewer Rents		16,163.64
Interest on Deposits		7,152.77
Other Miscellaneous Revenue not Anticipated		0.40
Returned Check Fees		160.00
		<hr/> 1,985,817.42
		<hr/> 2,469,381.02
Decreased by:		
Disbursed to Sewer Treasurer		<hr/> 2,000,000.00
Balance December 31, 2020	E	<hr/> <hr/> \$ 469,381.02

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

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 142,158.59
Increased by:		
Sewer Rents Levied		1,974,071.21
		<u>2,116,229.80</u>
Decreased by:		
Collections:		
Transfer to Sewer Liens Receivable	\$ 700.10	
Sewer Collector - Cash Received	1,944,453.98	
Overpayments Applied	<u>6,351.29</u>	
		<u>1,951,505.37</u>
Balance December 31, 2020	E	<u><u>\$ 164,724.43</u></u>

SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 2,238.90
Increased by:		
Transfer from Consumer Accounts Receivable	\$ 700.10	
Interest and Costs Accrued at Tax Sale	<u>12.00</u>	
		<u>712.10</u>
		2,951.00
Decreased by:		
Sewer Lien Redemption		<u>214.31</u>
Balance December 31, 2020	E	<u><u>\$ 2,736.69</u></u>

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2019	Additions By Ordinance	Balance Dec. 31, 2020
Sewer Treatment Plant	\$ 27,268,429.64	\$ 794,550.00	\$ 28,062,979.64
Various Capital Improvements	201,881.57		201,881.57
General Equipment	714,728.67		714,728.67
	<u>\$ 28,185,039.88</u>	<u>\$ 794,550.00</u>	<u>\$ 28,979,589.88</u>
<u>Ref.</u>	E		E

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

Ord. No.	Ord. Date	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Costs to Fixed Capital	Balance Dec. 31, 2020
07-12	07/17/07	General Improvements to the Wastewater Treatment Plant and Associated Facilities	\$ 394,550.00		\$394,550.00	
09-13	06/16/09	Improvements to Town Sewage Treatment Plant	5,194,636.31			\$ 5,194,636.31
12-08	04/17/12	Capital Purchases	1,620,000.00			1,620,000.00
13-20	10/15/13	Improvements to Town Sewage Treatment Plant	7,907,500.00			7,907,500.00
14-20	10/07/14	Improvements to Town Sewage Treatment Plant	2,077,000.00			2,077,000.00
15-21	12/01/15	General Improvements to the Wastewater Treatment Plant	400,000.00		400,000.00	
18-32	12/19/18	Various Improvements and Acquisitions	500,000.00			500,000.00
19-16	06/05/19	Various Improvements and Acquisitions	500,000.00			500,000.00
20-10	04/07/20	Various Improvements and Acquisitions		\$ 750,000.00		750,000.00
20-21	09/01/20	Various Improvements and Acquisitions		800,000.00		800,000.00
			<u>\$ 18,593,686.31</u>	<u>\$ 1,550,000.00</u>	<u>\$794,550.00</u>	<u>\$ 19,349,136.31</u>
		<u>Ref.</u>	<u>E</u>			<u>E</u>

TOWN OF PHILLIPSBURG  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 33,342.55	\$ 33,342.55	\$ 3,949.17	\$ 29,393.38
Other Expenses	112,514.57	112,514.57	67,520.55	44,994.02
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	5,740.48	5,740.48		5,740.48
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	1,813.02	1,813.02	430.60	1,382.42
	<u>\$ 153,410.62</u>	<u>\$ 153,410.62</u>	<u>\$ 71,900.32</u>	<u>\$ 81,510.30</u>
 <u>Ref.</u>				
<u>Analysis of Balance December 31, 2019</u>				
Unencumbered	E	<u>\$ 153,410.62</u>		
		<u>\$ 153,410.62</u>		

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Authorizations Capital Improvement Fund	Paid or Charged	Balance Dec. 31, 2020	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	\$ 394,550.00	\$ 909.48			\$ 909.48		
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	5,815,250.00	3,920.00				\$ 3,920.00	
12-08	Capital Purchases	04/17/12	1,800,000.00	30,000.00			29,287.79	712.21	
13-20	Improvements to Sewage Treatment Plant	10/15/13	7,907,500.00	102,072.70	\$ 407,176.00			102,072.70	\$ 407,176.00
14-20	Improvements to Town Sewage Treatment Plant	10/07/14	2,077,000.00		636,612.95				636,612.95
15-21	General Improvements to the Wastewater Treatment Plant	12/01/15	400,000.00	2,972.57			2,972.57		
18-32	Various Improvements and Acquisitions	12/19/18	500,000.00	298,929.46			290,119.46	8,810.00	
19-16	Various Improvements and Acquisitions	06/05/19	500,000.00	500,000.00			499,188.75	811.25	
20-10	Various Improvements and Acquisitions	04/07/20	75,000.00			\$ 750,000.00	745,894.21	4,105.79	
20-21	Various Improvements and Acquisitions	09/01/20	800,000.00			800,000.00	713,568.02	86,431.98	
				\$ 938,804.21	\$ 1,043,788.95	\$ 1,550,000.00	\$ 2,281,940.28	\$ 206,863.93	\$ 1,043,788.95
		<u>Ref.</u>		E	E			E	E
				Cash Disbursed			\$ 1,601,942.52		
				Encumbrances	E		679,997.76		
							\$ 2,281,940.28		

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

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 1,824,180.53
Increased by:		
2020 Budget Appropriation		100,000.00
		<u>1,924,180.53</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		1,550,000.00
		<u>1,550,000.00</u>
Balance December 31, 2020	E	<u>\$ 374,180.53</u>

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 32,028,195.81
Increased by:		
Transferred from Deferred Reserve for Amortization	\$	794,550.00
NJ Environmental Infrastructure Trust Loans Paid by Operating Budget		166,000.00
NJ Environmental Infrastructure Trust Loans Paid by Operating Budget		412,191.75
		<u>1,372,741.75</u>
Balance December 31, 2020	E	<u>\$ 33,400,937.56</u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2019	2020 Authorizations	Transferred to Reserve for Amortization	Balance Dec. 31, 2020
07-12	General Improvements to the Wastewater Treatment Plant and Associated Facilities	07/17/07	\$ 394,550.00		\$ 394,550.00	
09-13	Improvements to Town Sewage Treatment Plant	06/16/09	2,395,416.31			\$ 2,395,416.31
12-08	Capital Purchases	04/17/12	1,620,000.00			1,620,000.00
15-21	General Improvements to the Wastewater Treatment Plant	12/01/15	400,000.00		400,000.00	
18-32	Various Improvements and Acquisitions	12/19/18	500,000.00			500,000.00
19-16	Various Improvements and Acquisitions	06/05/19	500,000.00			500,000.00
20-10	Various Improvements and Acquisitions	04/07/20		\$ 750,000.00		750,000.00
20-21	Various Improvements and Acquisitions	09/01/20		800,000.00		800,000.00
			<u>\$ 5,809,966.31</u>	<u>\$ 1,550,000.00</u>	<u>\$ 794,550.00</u>	<u>\$ 6,565,416.31</u>
		<u>Ref.</u>	E			E

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

	<u>Ref.</u>	<u>Trust Loan</u>	<u>Fund Loan</u>
Balance December 31, 2019	E	\$ 2,656,000.00	\$ 5,196,962.07
Decreased by:			
Loans Paid by Operating Budget		<u>166,000.00</u>	<u>412,191.75</u>
Balance December 31, 2020	E	<u><u>\$ 2,490,000.00</u></u>	<u><u>\$ 4,784,770.32</u></u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010A LOAN #S340874-04  
TRUST LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 755,000.00
22	2/1/21	\$ 15,100.00		755,000.00
23	8/1/21	15,100.00	\$ 71,000.00	684,000.00
24	2/1/22	13,680.00		684,000.00
25	8/1/22	13,680.00	76,000.00	608,000.00
26	2/1/23	12,160.00		608,000.00
27	8/1/23	12,160.00	76,000.00	532,000.00
28	2/1/24	10,640.00		532,000.00
29	8/1/24	10,640.00	81,000.00	451,000.00
30	2/1/25	9,020.00		451,000.00
31	8/1/25	9,020.00	85,000.00	366,000.00
32	2/1/26	7,320.00		366,000.00
33	8/1/26	7,320.00	85,000.00	281,000.00
34	2/1/27	5,620.00		281,000.00
35	8/1/27	5,620.00	91,000.00	190,000.00
36	2/1/28	3,800.00		190,000.00
37	8/1/28	3,800.00	95,000.00	95,000.00
38	2/1/29	1,900.00		95,000.00
39	8/1/29	1,900.00	95,000.00	-0-
		<u><u>\$ 158,480.00</u></u>	<u><u>\$ 755,000.00</u></u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2010 LOAN #S340874-04  
FUND LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 647,185.44
22	2/1/21	\$ 23,969.83	623,215.61
23	8/1/21	47,939.66	575,275.95
24	2/1/22	23,969.83	551,306.12
25	8/1/22	47,939.66	503,366.46
26	2/1/23	23,969.83	479,396.63
27	8/1/23	47,939.66	431,456.97
28	2/1/24	23,969.83	407,487.14
29	8/1/24	47,939.66	359,547.48
30	2/1/25	23,969.83	335,577.65
31	8/1/25	47,939.66	287,637.99
32	2/1/26	23,969.83	263,668.16
33	8/1/26	47,939.66	215,728.50
34	2/1/27	23,969.83	191,758.67
35	8/1/27	47,939.66	143,819.01
36	2/1/28	23,969.83	119,849.18
37	8/1/28	47,939.66	71,909.52
38	2/1/29	23,969.83	47,939.69
39	8/1/29	47,939.69	-0-
		<u>\$ 647,185.44</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2014A TRUST LOAN #S340874-05  
TRUST LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 1,455,000.00
14	2/1/21	\$ 25,825.00		1,455,000.00
15	8/1/21	25,825.00	\$ 90,000.00	1,365,000.00
16	2/1/22	23,575.00		1,365,000.00
17	8/1/22	23,575.00	90,000.00	1,275,000.00
18	2/1/23	21,325.00		1,275,000.00
19	8/1/23	21,325.00	95,000.00	1,180,000.00
20	2/1/24	18,950.00		1,180,000.00
21	8/1/24	18,950.00	100,000.00	1,080,000.00
22	2/1/25	16,450.00		1,080,000.00
23	8/1/25	16,450.00	105,000.00	975,000.00
24	2/1/26	14,875.00		975,000.00
25	8/1/26	14,875.00	110,000.00	865,000.00
26	2/1/27	13,225.00		865,000.00
27	8/1/27	13,225.00	115,000.00	750,000.00
28	2/1/28	11,500.00		750,000.00
29	8/1/28	11,500.00	115,000.00	635,000.00
30	2/1/29	9,775.00		635,000.00
31	8/1/29	9,775.00	120,000.00	515,000.00
32	2/1/30	7,975.00		515,000.00
33	8/1/30	7,975.00	125,000.00	390,000.00
34	2/1/31	6,100.00		390,000.00
35	8/1/31	6,100.00	125,000.00	265,000.00
36	2/1/32	4,225.00		265,000.00
37	8/1/32	4,225.00	130,000.00	135,000.00
38	2/1/33	2,193.75		135,000.00
39	8/1/33	2,193.75	135,000.00	-0-
		<u>\$ 351,987.50</u>	<u>\$ 1,455,000.00</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2014A FUND LOAN #S340874-05  
FUND LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 3,609,730.80
14	2/1/21	\$ 99,279.66	3,510,451.14
15	8/1/21	198,559.32	3,311,891.82
16	2/1/22	99,279.66	3,212,612.16
17	8/1/22	198,559.32	3,014,052.84
18	2/1/23	99,279.66	2,914,773.18
19	8/1/23	198,559.32	2,716,213.86
20	2/1/24	99,279.66	2,616,934.20
21	8/1/24	198,559.32	2,418,374.88
22	2/1/25	99,279.66	2,319,095.22
23	8/1/25	198,559.32	2,120,535.90
24	2/1/26	99,279.66	2,021,256.24
25	8/1/26	198,559.32	1,822,696.92
26	2/1/27	99,279.66	1,723,417.26
27	8/1/27	198,559.32	1,524,857.94
28	2/1/28	99,279.66	1,425,578.28
29	8/1/28	198,559.32	1,227,018.96
30	2/1/29	99,279.66	1,127,739.30
31	8/1/29	198,559.32	929,179.98
32	2/1/30	99,279.66	829,900.32
33	8/1/30	198,559.32	631,341.00
34	2/1/31	99,279.66	532,061.34
35	8/1/31	198,559.32	333,502.02
36	2/1/32	99,279.66	234,222.36
37	8/1/32	198,559.32	35,663.04
38	2/1/33	35,663.04	-0-
		<u>\$ 3,609,730.80</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A TRUST LOAN #S340874-07  
TRUST LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
				\$ 280,000.00
12	02/01/21	\$ 6,100.00		280,000.00
13	08/01/21	6,100.00	\$ 15,000.00	265,000.00
14	02/01/22	5,725.00		265,000.00
15	08/01/22	5,725.00	15,000.00	250,000.00
16	02/01/23	5,350.00		250,000.00
17	08/01/23	5,350.00	15,000.00	235,000.00
18	02/01/24	4,975.00		235,000.00
19	08/01/24	4,975.00	15,000.00	220,000.00
20	02/01/25	4,600.00		220,000.00
21	08/01/25	4,600.00	20,000.00	200,000.00
22	02/01/26	4,100.00		200,000.00
23	08/01/26	4,100.00	20,000.00	180,000.00
24	02/01/27	3,600.00		180,000.00
25	08/01/27	3,600.00	20,000.00	160,000.00
26	02/01/28	3,200.00		160,000.00
27	08/01/28	3,200.00	20,000.00	140,000.00
28	02/01/29	2,800.00		140,000.00
29	08/01/29	2,800.00	20,000.00	120,000.00
30	02/01/30	2,400.00		120,000.00
31	08/01/30	2,400.00	20,000.00	100,000.00
32	02/01/31	2,000.00		100,000.00
33	08/01/31	2,000.00	25,000.00	75,000.00
34	02/01/32	1,500.00		75,000.00
35	08/01/32	1,500.00	25,000.00	50,000.00
36	02/01/33	1,000.00		50,000.00
37	08/01/33	1,000.00	25,000.00	25,000.00
38	02/01/34	500.00		25,000.00
39	08/01/34	500.00	25,000.00	-0-
		<u>\$ 95,700.00</u>	<u>\$ 280,000.00</u>	

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

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS - SERIES 2015A FUND LOAN #S340874-07  
FUND LOAN OUTSTANDING DECEMBER 31, 2020

<u>Payment Number</u>	<u>Maturity Date</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 527,854.08
12	02/01/21	\$ 14,147.76	513,706.32
13	08/01/21	28,295.52	485,410.80
14	02/01/22	14,147.76	471,263.04
15	08/01/22	28,295.52	442,967.52
16	02/01/23	14,147.76	428,819.76
17	08/01/23	28,295.52	400,524.24
18	02/01/24	14,147.76	386,376.48
19	08/01/24	28,295.52	358,080.96
20	02/01/25	14,147.76	343,933.20
21	08/01/25	28,295.52	315,637.68
22	02/01/26	14,147.76	301,489.92
23	08/01/26	28,295.52	273,194.40
24	02/01/27	14,147.76	259,046.64
25	08/01/27	28,295.52	230,751.12
26	02/01/28	14,147.76	216,603.36
27	08/01/28	28,295.52	188,307.84
28	02/01/29	14,147.76	174,160.08
29	08/01/29	28,295.52	145,864.56
30	02/01/30	14,147.76	131,716.80
31	08/01/30	28,295.52	103,421.28
32	02/01/31	14,147.76	89,273.52
33	08/01/31	28,295.52	60,978.00
34	02/01/32	14,147.76	46,830.24
35	08/01/32	28,295.52	18,534.72
36	02/01/33	14,147.76	4,386.96
37	08/01/33	4,386.96	-0-
		<u>\$ 527,854.08</u>	

TOWNSHIP OF PHILLIPSURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

TOWN OF PHILLIPSBURG  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Ord. No.	Ord. Date	Improvement Description	Restated Balance Dec. 31, 2019	Balance Dec. 31, 2020
13-20	10/15/13	Improvements to Sewage Treatment Plant	\$ 407,176.00	\$ 407,176.00
14-20	10/07/14	Improvements to Town Sewage Treatment Plant	680,426.00	680,426.00
			<u>\$ 1,087,602.00</u>	<u>\$ 1,087,602.00</u>

TOWN OF PHILLIPSBURG

PART II – SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

**TOWN OF PHILLIPSBURG**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Name of Federal Agency or Department/Cluster Title	C.F.D.A. Account No.	Name of Program	State Account #	Grant Award Amount	Grant Period		Current Year Receipts	Current Year Expenditures	Cumulative Expenditures	Provided to Subrecipients
					From	To				
<u>U.S. Department of Housing and Urban Development</u> Housing Voucher Cluster	14.871	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	N/A	\$ 2,018,500.00	01/01/20	12/31/20	\$2,018,500.00	\$ 1,929,922.24	\$ 1,929,922.24	
	14.871	COVID 19 - Section 8 Moderate Rehabilitation	N/A	96,226.00	01/01/20	12/31/20	96,226.00	62,768.97	62,768.97	
Total Department of Housing and Urban Development/Housing Voucher Cluster				2,114,726.00			2,114,726.00	1,992,691.21	1,992,691.21	
<u>U.S. Department of Treasury</u> (Passed thru NJ Department of Community Affairs)	21.019	COVID 19 - Local Government Emergency Fund	022-8030-100-686-							
		COVID-19 Mitigation	-049690	173,909.00	03/01/20	12/31/21	173,909.00	173,909.00	173,909.00	
Total Department of Treasury				173,909.00			173,909.00	173,909.00	173,909.00	
<u>U.S. Department of Transportation</u> (Passed thru NJ Department of Transportation) Highway Planning and Construction Cluster	20.205	Transportation Trust Fund Authority Act: Municipal Aid:	078-6320-480-							
		2016 - Heckman Street Phase I	AMF-609166	274,581.00	01/01/16	12/31/20	68,645.25		274,581.00	
		2017 - Heckman Street Phase II	AMQ-605177	250,000.00	01/01/17	12/31/21	65,317.50		250,000.00	
		2018 - Heckman Street Phase III	AM2-605178	121,378.62	01/01/18	12/31/22	121,378.62	121,378.62	121,378.62	
		2019 - Heckman Street Phase IV	ANP-605179	121,378.62	01/01/19	12/31/23	121,378.62	121,378.62	121,378.62	
		Urban Aid:	078-6320-480-							
		2018 - Heckman Street Phase III	AM4-605198	200,886.38	01/01/18	12/31/22	52,265.00	167,451.50	167,451.50	
		2019 - Heckman Street Phase IV	ANR-605199	93,502.38	01/01/19	12/31/23	58,881.00	28,598.36	28,598.36	
Total US Department of Transportation/Total Highway Planning and Construction Cluster				1,061,727.00			487,865.99	438,807.10	963,388.10	
<u>U.S. Department of Health and Human Services</u> (Passed thru NJ Department of Human Services)	93.558	Youth Corps - TANF	062-4545-100-347-105470	54,500.00	07/01/19	06/30/20	54,500.00	54,500.00	54,500.00	
Total Department of Health and Human Services				54,500.00			54,500.00	54,500.00	54,500.00	
<u>U.S. Department of Labor:</u> (Pass thru NJ Department of Labor and Workforce Development) WIOA Cluster	17.259	WIA/WIOA Youth Activities	062-4545-100-386-101060	133,000.00	07/01/19	06/30/20	129,348.00	129,445.00	133,000.00	
Total US Department of Labor/WIOA Cluster				133,000.00			129,348.00	129,445.00	133,000.00	
<u>U.S. Department of Homeland Security</u> (Passed Through NJ Department of Law and Public Safety)	97.042	Office of Emergency Management - Emergency Management Grant	N/A	124,500.00	N/A	12/31/20		103,414.50	103,414.50	
Total U.S. Department of Homeland Security				124,500.00				103,414.50	103,414.50	
Total Federal Awards				\$ 3,662,362.00			\$2,960,348.99	\$ 2,892,766.81	\$ 3,420,902.81	\$ -0-
N/A - Not Available/Applicable										

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF PHILLIPSBURG  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020

Name of State Agency or Department	Name of Program	Grant I.D. No.	Grant Award Amount	Grant Period From To	Current Year Receipts	Current Year Expenditures	Cumulative Expenditures
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund	100-078-6400-YYYY	\$ 1,523.26	01/01/19 12/31/21		\$ 762.34	\$ 762.34
	Body Armor Replacement Grant	066-1020-718- 001-090160	3,857.38 3,857.38	01/01/20 12/31/21	\$ 3,857.38 3,857.38		
Total Department of Law and Public Safety			5,380.64		3,857.38	762.34	762.34
<u>N.J. Highlands Council</u>	Plan Conformance Grant - Supplemental	082-2078-100- 033-290220	138,230.00	01/01/09 12/31/21		15,310.10	118,954.99
Total N.J. Highlands Council			138,230.00			15,310.10	118,954.99
<u>Department of Human Services</u>	N.J. Youth Corps - RISE - Opioid Initiative	062-4545-100-387-105670	43,600.00	01/01/20 12/31/20	31,103.00	34,792.23	43,600.00
Total Department of Human Services			43,600.00		31,103.00	34,792.23	43,600.00
<u>Department of Labor and Workforce Development</u>	N.J. Youth Corps - 2019 - ALWY20N	062-4545-100-314-105400	432,000.00	07/01/19 06/30/22	63,359.00	68,125.00	432,000.00
	N.J. Youth Corps - 2020 - ALWY21N	062-4545-100-314-105400	478,134.00	07/01/20 06/30/23	170,850.00	136,225.00	136,225.00
Total Department of Labor and Workforce Development			910,134.00		234,209.00	204,350.00	568,225.00
<u>Department of Treasury of Warren</u>	Governor's Council on Municipal Alliance	044-995120	12,240.00	07/01/19 06/30/20		5,459.00	9,298.08
Total Department of Treasury			12,240.00			5,459.00	9,298.08
<u>Department of Environmental Protection</u>	Clean Communities Grant	042-4900-765- 004-178910	32,610.99 32,610.99	01/01/20 12/31/21	32,610.99 32,610.99	28,337.14 28,337.14	28,337.14 28,337.14
	Recycling Tonnage Grant	042-4900-752 001-6020	19,545.00 19,545.00	01/01/20 12/31/21	19,545.00 19,545.00		
Total Department of Environmental Protection			52,155.99		52,155.99	28,337.14	28,337.14
Total State Awards			\$ 1,164,868.63		\$ 321,325.37	\$ 289,010.81	\$ 769,332.55

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF PHILLIPSBURG  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") includes the federal and state grant activity of the Town of Phillipsburg under programs of the federal and state governments for the year ended December 31, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Town of Phillipsburg, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Town of Phillipsburg.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM

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

E. GREEN ACRES LOANS PAYABLE

At December 31, 2020, the Town has a \$73,619.50 Green Acres Loan Payable outstanding which is recorded in the General Capital Fund.

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

TOWN OF PHILLIPSBURG  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

F. NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2020, the Town has \$2,490,000 and \$4,784,770.32 of NJ Environmental Infrastructure Trust and Fund Loans Payable outstanding which are recorded in the Sewer Utility Capital Fund.

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



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Independent Member  
BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Town of Phillipsburg, in the County of Warren (the "Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated June 3, 2021. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

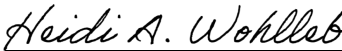
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
June 3, 2021

  
NISIVOCCIA LLP

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

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

Independent Auditors' Report

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

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

We have audited the Town of Phillipsburg's (the "Town's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2020. The Town's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal and state statutes, regulations, contracts and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards, the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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 the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

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

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

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Mount Arlington, New Jersey  
June 3, 2021

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

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

TOWN OF PHILLIPSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Town's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Town which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance*.
- The auditor's report on compliance for its major federal program for the Town expresses an unmodified opinion on its major federal program.
- The audit did not disclose any findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The Town was not subject to the single audit provisions of the Uniform Guidance and NJOMB 15-08 for the year ended December 31, 2020 as state award expenditures were less than the single audit threshold of \$750,000 identified in NJOMB 15-08.
- The threshold for distinguishing between Type A and B federal programs was \$750,000.
- The Town was determined to be a "low-risk" auditee for federal programs.
- The Town's program tested as a major federal program for the current year consisted of the following award:

	<u>CFDA No.</u>	<u>Expenditures</u>
<u>Federal:</u>		
Housing Voucher Cluster:		
Lower Income Housing Assistance		
Program - Section 8 Moderate Rehabilitation	14.871	\$ 1,929,922.24
COVID- 19 - Section 8 Moderate Rehabilitation	14.871	62,768.97
		<u>\$ 1,992,691.21</u>

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

- There were none.

TOWN OF PHILLIPSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance

Findings and Questioned Costs for State Awards:

- Not applicable since state award expenditures were below the single audit threshold.

TOWN OF PHILLIPSBURG  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

There were no prior year findings.

TOWN OF PHILLIPSBURG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

Effective July 1, 2015 through June 30, 2020, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 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 the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Town Counsel's opinion should be sought before a commitment is made.

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
 (Continued)

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable 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 of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Sewer Rents

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

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

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

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

DELINQUENT TAX PAYMENTS

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

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

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

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

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

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

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

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

DELINQUENT SEWER PAYMENTS

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

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

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

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

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

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens/Sewer Liens

The last tax sale was held on September 30, 2020, and was complete with respect to all items eligible for sale.

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

<u>Year</u>	<u>Number of Liens</u>
2020	15
2019	18
2018	50

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2021 Taxes	20
Payments of 2020 Taxes	20
Payments of Sewer Utility Charges	10
Delinquent Taxes	20
Delinquent Sewer Utility Charges	10
Sewer and Tax Title Liens	3

Municipal Court

A summary of Municipal Court transactions for the year 2020 is as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u>			<u>Balance</u>
	<u>Dec. 31, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Dec. 31, 2020</u>
State of New Jersey	\$ 10,931.01	\$ 95,810.46	\$ 101,200.18	\$ 5,541.29
County	2,754.00	29,991.75	31,054.25	1,691.50
Municipality	11,364.00	106,112.07	111,570.76	5,905.31
Municipality - POAA	22.00	160.00	182.00	
Conditional Discharge	87.00	1,140.00	1,227.00	
Public Defender	200.00	2,225.00	1,825.00	600.00
Miscellaneous	(20.00)	20.00		
Weights and Measures		100.00	100.00	
Restitution	100.00	100.00	200.00	
	<u>\$ 25,438.01</u>	<u>\$ 235,659.28</u>	<u>\$ 247,359.19</u>	<u>\$ 13,738.10</u>

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

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
 (Continued)

New Jersey Administrative Code Accounting Requirements

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

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

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

Lower Income Housing Assistance Program - Section 8 Housing Moderate Rehabilitation

For units under a Housing Assistance Program contract that fail to meet Housing Quality Standards (HQS), the Public Housing Authority must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspection and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved timeframe. In a few instances, it was noted that Town is not enforcing owners to provide proof that life threatening deficiencies found during inspections are corrected within the required 24 hours. The Town is waiting until the unit is reinspected within 30 days to confirm these deficiencies are remedied. It is recommended that the Town strictly enforces that owners provide proof that life threatening deficiencies found during inspections are corrected within the required 24 hour period.

Management's Response:

The Town will enforce compliance from owners in regards to the correction of Housing Quality Standards life threatening deficiencies within 24 hours after an inspection.

Community Development Block Grant Revolving Loan Program

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

Management's Response

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

Management Suggestions

Federal and State Grant Fund

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

Outside Departments

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

TOWN OF PHILLIPSBURG  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions (Cont'd)

Tax Collector Surety Bond Coverage

It is suggested that consideration be given to increasing the surety bond for the tax collector to the recommended level of \$380,000.

Effect on Internal Controls due to COVID-19

With the increased ability for certain work functions to be done remotely and the increased use of electronic payments and processes, it is suggested that the Town routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Sick and Vacation Leave

It is suggested that the Town consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Review of Prior Year Recommendations

The prior year recommendation regarding the collection of all delinquent Community Development Block Grant Revolving Loan balances was not resolved in the current year and it is included in the current year recommendations.

TOWN OF PHILLIPSBURG  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Lower Income Housing Assistance Program – Section 8 Housing Moderate Rehabilitation

The Town strictly enforces that owners provide proof that life threatening deficiencies found during inspections are corrected within the required 24 hour period.

2. Every effort be made to pursue collection of the delinquent Community Development Block Grant Revolving Loan balances.

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